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Comings and Goings on Campus

With Dad Downsized, A Job for Every Grad

By Peter Applebome
New York Times Service

BLOOMINGTON, Indiana — At colleges and universities across the United States, the class of '97 is graduating this spring into the most auspicious job market in memory, a product of today's soaring economy and, in many ways, the large-scale layoffs that cut a swath through their parents' generation.

From huge state universities like the University of Indiana to high-end private schools like Williams College in Massachusetts, from brand-name institutions like Dartmouth College to Red Rock Community College in Colorado, colleges, universities and professional schools are reporting record numbers of recruiters on campus, often offering more jobs than they can fill.

"I did eight interviews and got four offers, but I could have had more — I ruled out two of them early on," said Vijay Bhagavan, a 21-year-old accounting graduate who got a $35,000 starting position as an auditor with Price Waterhouse in Chicago. "I'd say 90 percent of my friends have jobs, and most had them relatively early."

The current job market reflects the upswing in the overall economy with unemployment now below 5 percent and the go-getter predilections of a generation of students who have made junior- or sophomore-year internships as big a growth area as full-time jobs for graduates. And Internet job searches, now the rule on most campuses, have made the process of finding employment much more efficient.

But, in an odd twist, the surge also reflects the years of layoffs for which many companies are frantically trying to compensate. Many experts believe that companies laid off too many employees in the early 1990s and now that business has boomed beyond expectations, they are recruiting college students for sales, managerial, technical and support positions.

"Corporations downsized too much," said Maury Hanigan, the chief executive of Hanigan Consulting Corp., which advises Fortune 500 companies on how to recruit college students. "They laid off people with a lot of experience and they also laid off their bench strength so that they had appropriate staffing for the amount of business they were doing in, say, 1991, but hadn't anticipated how much it would grow. Now they need college graduates to replace all those people who were laid off."

The National Association of Colleges and Employers says the best opportunities are in high-technology industries, especially in hardware and software development and computer

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Clinton Backs China Trade Privilege

Call for One-Year Renewal Is Likely to Provoke Sharp Debate

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton announced Monday that he intended to renew China's most-favored-nation trade status for a year, and the decision, though expected, appeared certain to launch the sharpest debate on the matter in years.

"We're more likely to have a positive influence on China by engaging them than we are by trying to isolate them," the president said. "I think it's a simple judgment."

Secretary of State Madeleine Albright added at an appearance in Wilmington, Delaware: "The administration's view is that our long-term interests are best served by a strategic dialogue with the Chinese leaders on a full range of issues. China with or without MFN status will be a rising force in world affairs."

The annual debate over extending favorable tariff terms to China has often been heated, but passage was almost always assured. This year, however, it is overshadowed by a raft of emotional issues with foreign and domestic ramifications. They include not only human-rights questions and criticism of Chinese arms sales but allegations that Beijing has tried to influence U.S. politics by making political donations.

Overhanging all other issues is the reversion of Hong Kong to Chinese sovereignty on July 1.

"Hong Kong really is to a great extent driving the China debate this year," said Mike Jendrzejczyk, Washington director of Human Rights Watch. "It's clear that for many members of Congress, this is a key litmus test of whether China can and will abide by many of its most important commitments."

Some longtime supporters of the favorable trade status for China are now opposing it or clearly wavering.

Dick Armey of Texas, the leader of the Republican majority in the House of Representatives, has always voted for renewal. But now, a spokesman said Monday, "he is having second thoughts and wondering if it's time to send a message to Beijing."

Those second thoughts focused on concerns about Hong Kong, leadership changes in Beijing and "rumors of religious oppression," the spokesman said.

Mr. Clinton's announcement came ahead of the June 3 deadline for informing Congress about any such plans on China's trade status. The Congress now has 30 days in which to act on his recommendation or seek to overturn it. The president has said he would veto a rejection by Congress, and it appears the votes to override a veto are lacking.

The debate could reach a climax just days before the return of Hong Kong to Chinese control. The vote this year is expected to be closer than in previous years, though few Congress-watchers have ventured a guess as to how close. Last year, the House voted 286 to 141 to support renewal.

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For the Losers in Zaire, a Time to Repent and Suffer

David Guttenfelder/The Associated Press

A member of the alliance insurgents abusing one of two young men, suspected of being soldiers, Monday at the Mobutu campin Kinshasa. Meanwhile, the former elite was learning to coexist with the rebels. Page 6.

Bans on Racial Preferences Cut Minority Admissions

By Rene Sanchez and Sue Anne Pressley
Washington Post Service

WASHINGTON — Two of the largest and most prestigious U.S. public universities are reporting a substantial decline in the number of minorities they are admitting in the first classes after the schools were barred from using race as a factor in selecting students.

At both the University of California and the University of Texas, the effect of landmark new prohibitions on racial preferences has been swift and dramatic, and it is raising alarm on campuses nationwide about the consequences of losing affirmative action.

At UCLA's law school, 21 black students have been selected for next fall's class — an 80 percent drop from last year and the lowest number of African Americans offered admission since about 1970. At the UC-Berkeley law school, 14 blacks have been accepted in a class of 792, down from 75 last year. The decline among Hispanic students at each law school is similar. Graduate programs at the University of California were the first to be affected by the new race-neutral policy ordered by university regents.

The same patterns also are emerging at the University of Texas's flagship campus in Austin, where graduate and undergraduate programs were subject to new policies this year. Ten black students — compared with 65 last year — have been admitted for the fall to the law school, and nearly 400 fewer black and Hispanic students have been offered admission as undergraduates, a 20 percent decline. Meanwhile, the number of white and Asian American students being admitted at campuses in each state has risen sharply this spring.

"We're very distressed. It's a huge drop," said Michael Rappaport, the dean of admissions at UCLA's law school. "And it's even worse than it appears because we'll be lucky to get even half of those students to come to the campuses."

Critics of affirmative action, however, called the new declines a sign of how much colleges have relied on double standards to increase minority enrollment. "This should be a wake-up call for all schools," said Abigail Thernstrom, a senior fellow at the Manhattan Institute, a conservative research organization. "These numbers tell us that with affirmative action policies, too many minority students who are not meeting standards are still being admitted."

Across the nation, university leaders are closely watching enrollment trends in California and Texas be-

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Is NATO's Southern Flank Exposed?

As Regional Tensions Mount, U.S. Admiral Argues for Redeployment

By William Drozdiak
Washington Post Service

NAPLES — As he gazes at a map of NATO's southern rim on the wall of his spacious office overlooking the serene blue waters of the Mediterranean Sea, Admiral Joseph Lopez sees nothing but the potential for trouble.

An arc of social tension spawned by poverty, soaring birthrates and religious extremism sweeps across North Africa. In the Middle East, where nearly half the world's arms exports end up, at least eight nations are squabbling over water rights at a time of serious shortage.

In the Balkans, a NATO-led peacekeeping force has prevented the resumption of war in Bosnia but has done little to heal ethnic hatred among Serbs, Croats and Muslims. In the Aegean Sea, Turkey and Greece have clashed over the sovereignty of several islands. In the Transcaucasia region, where nationalist rivalries erupted after the collapse of the Soviet Union, armed conflict spills across contested borders.

For nearly half a century, the North Atlantic Treaty Organization devoted the bulk of its troops and resources to thwarting a feared Soviet-led invasion of Western Europe. Now, as the alliance prepares to expand into Eastern Europe, defense planners say the gravest risks of future military conflict spring from myriad forces of instability along NATO's southern flank.

As a result of these threats, pressure is building for dramatic changes in the U.S. defense posture in Europe. Instead of the hundreds of thousands of troops based in Germany who served as a bulwark against a Soviet onslaught, the front line of U.S. commitment to European security is shifting to the Mediterranean and beyond — with growing demands to project air and sea superiority and thus defuse any future crises before they endanger vital Western interests.

"Instability is a difficult enemy to deal with," said Admiral Lopez, who as

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China Faces Decision on Free Flow of Finance Data

By Seth Faison
New York Times Service

SHANGHAI — When Alan Greenspan, the Federal Reserve Board chairman, met with China's senior leaders last week, he delivered what was essentially a primer on fundamental characteristics of a market economy, a topic of endless fascination for the engineers of this nation's half-achieved shift from a state-run to a market system.

One of the elements Mr. Greenspan raised, U.S. officials said afterward, was the critical importance of free-flowing financial information for the development of capital markets, which China is in the midst of starting up.

Mr. Greenspan specifically warned about the damage that could be caused by China's plans, not yet implemented, to control the distribution of financial information by international news organizations. His Chinese hosts listened carefully, but apparently did not respond in detail.

Information flow in China has followed economic and trade growth — sharply upward — over the last decade, so the Xinhua press agency stunned news organizations when it announced in January 1996 that it would assume new powers to supervise the content and sales of international news organizations that offer financial information here.

Now, after 16 months of negotiations, the issue is at a critical stage. Xinhua recently demanded that news organizations agree to its restrictions or lose the right to sign up new customers.

The issue of access to financial information cuts to the root of concerns among leaders of developing nations, who are interested in the benefits of the market but afraid of its limits on the role of government.

Chinese leaders seem especially perplexed by this. They seem to be en-

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Car Exports Lead Surge In Japan's Trade Surplus

By Velisarios Kattoulas
International Herald Tribune

TOKYO — Japan's trade surplus went into overdrive in April, soaring 163.7 percent in its second-largest rise on record, the government said Monday.

Booming car exports coincided with a slowdown in consumer imports as new taxes slowed demand at home, the Ministry of Finance reported.

Japan's overall customs-cleared trade surplus jumped to 831.48 billion yen ($7.23 billion) in April from 315.3 billion yen a year earlier, the ministry said. The rise was the biggest since January 1992, when it surged a record 283.4 percent.

With the United States, Japan's contentious surplus grew for the seventh month in a row, leaping 174.1 percent, to 468.97 billion yen.

"Because the U.S. economy is so strong, there is not likely to be much friction with Japan over trade this year," Hidetoshi Tanaka, chief economist at the Sanwa Research Institute, said.

"But Japan is walking along a dangerous path, and unless it embraces the kind of deregulation needed to boost domestic demand and imports, there will be serious trade friction again at some time in the future."

Coming after almost three years of declines, the new upturn in Japan's trade surplus has angered U.S. manufacturers. It has also prompted Washington to urge Tokyo repeatedly to stimulate demand at home and not rely on exports to bolster Japan's slumping economy.

Economists said Japan's trade surplus would probably continue to climb for the rest of the year. But many insisted that its rate of growth was likely to drop sharply as early as June. By then, demand for imports is expected to recover from tax increases of 9 trillion yen imposed in April.

At the same time, a rise in the value of the yen against the dollar should cut the competitiveness of Japanese exports and temper U.S. criticism, the economists said. The yen reached a four-month high Friday as the dollar eased to 114.63 yen, compared with 127.50 yen on May 1.

"The surplus will probably continue to grow, but not at the pace we saw in April," said Mamoru Yamazaki, senior economist at Paribas Capital Markets in Tokyo. "And as long as the U.S. econ-

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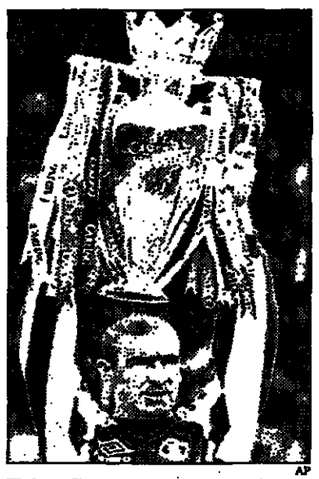

AP

Eric Cantona, holding Manchester United's Premier League championship trophy on May 11.

Cantona: Britain's Hero, France's Grief

By John Vinocur
International Herald Tribune

PARIS — In England, Eric Cantona was a genius, a poet, a philosopher, a cock-of-the-walk, insufferable at the edges, but a wizard who lit up the sky. In France, he was mainly grief.

Two countries with often contradictory instincts, France and England found in this French soccer player who retired Sunday at age 30 from Manchester United the perfect repository for all their rivalry and admiration, mutual mystification and mild contempt.

The English saw Cantona as sublime excess, Daliesque in his arch babbling about Rimbaud and seagulls, and a surreal master in the extraordinary draftsmanship of his on-field vision and sense of space. He embarrassed their devotion publicly by chasing into the stands after a heckler, but beguiled them at the same time by pounding his tormentor with a kung-fu kick out of a Bruce Lee movie.

They loved his imperial strut, his turned-up shirt collar, the wisp of Mussolini in his jaw-jutting, the filigree of his passes. They loved that he won, and in a way, if unarticulated, they loved that all this irritated the French.

The French looked at Cantona and saw a boor and a bit of the con man, a very skilled player but an uppity working-class kid, a poseur with a Marseille accent of vaudeville vulgarity.

As well as he got along with fans, he rubbed the soccer bosses and sports reporters the wrong way, moving as incorrigible brat from team to team (Auxerre, Marseille, Nimes, Bordeaux, Martigues) until his good-riddance and virtual banishment to England in 1991. Not so very generously, his enormous success across the channel, with six championships, vast popularity and rich promotional contracts, galled the French.

First, because Cantona succeeded exactly on his own terms, without any diminution of the personality that, by French description, could not be integrated into efforts needed for championships. He played and talked the same game he had at home, the geomancer's passes turning empty space into goals, metaphysical mouthings tumbling afterward onto extended microphones.

But more, there was the unacknowledged but embittered sense that the French had missed something, that French soccer's self-satisfied vision of the world was blind to Eric Cantona's innovation, that France could not deal with a

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AGENDA

Cyclone Lashes the Bangladesh Coast

Five people were killed and at least 100 were injured when a cyclone struck the coast of Bangladesh and the port city of Chittagong on Monday.

Doctors at Chittagong Medical College Hospital said they feared the death toll would rise as more reports came in. "This was a major devastation and we think many more casualties will follow," one doctor said.

Officials at the Information Ministry said one million people had been evacuated from the path of the cyclone before it lashed the southeast coast.

Officials in the port of Chittagong said that thousands of houses were demolished and that uprooted trees and power poles jammed roads. Power supplies and communications were cut in many areas.

"We fear more severe damage in Cox's Bazar and Teknaf areas along the southeastern coast," an official said. Page 4.

The Dollar

New York	Monday @ 4 P.M.	previous close
DM	1.7085	1.6931
Pound	1.6395	1.6368
Yen	115.75	115.625
FF	5.756	5.6995

The Dow

	Monday close	previous close
+31.74	7228.88	7197.14

S&P 500

change	Monday @ 4 P.M.	previous close
+3.38	833.27	829.89

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Finland	12.00 F.M.	Qatar	10.00 Riials
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10.00 R
Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$30.00

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David vs. Goliath / **The Sequel**

British Activists Bear Up Under Ferocious Big Mac Attack

By Barry James
International Herald Tribune

IT WAS the biggest food-fight in Britain's legal history, a trial that ground on for 313 days in London's High Court. The verdict in the marathon case is expected soon. McDonald's Corp. sued Dave Morris and Helen Steel for libel after they refused to apologize for distributing a leaflet titled "What's Wrong With McDonald's?"

The leaflet accused McDonald's of selling unhealthy food, exploiting and underpaying staff, creating mountains of waste, being cruel to animals and contributing to the destruction of rain forests.

The company said the accusations were whoppers and served libel writs on five campaigners, three of whom backed down and apologized. But Mr. Morris, who said he didn't like being bullied, and Ms. Steel chose to defend themselves in court, and later countersued, contending that they had been libeled by being branded liars.

Mr. Morris, 43, an unemployed former postal worker and single parent, and Ms. Steel, 31, a part-time bartender, reckon that if they lost it would take several hundred years of their combined annual earnings of £7,500 ($12,000) to meet McDonald's demand for up to £120,000 in damages, on top of legal costs estimated to run into millions.

"It's all a bit academic," Ms. Steel said.

McDonald's said the allegations made in the leaflet were "not true and highly damaging." It said it had gone to court as a "last resort" to stem false information, and denied that it sought to stifle free speech. The company declined further comment on the libel trial until the verdict was delivered.

The case has turned into a public relations quagmire for McDonald's. Millions of copies of the leaflet have been distributed in Britain alone since the trial began almost three years ago.

In the most striking example of how the Internet can make a company a public target for its enemies, the issue has reached a global audience through the world wide web (www.mcspotlight.org).

The so-called McLibel Support Campaign, which is not directly connected with the defendants, has posted the transcript of the trial, McDonald's 500-page summing-up, accompanying documentation and a deconstruction of the corporation's own web site (www.mcdonalds.com).

A vast amount of data about McDonald's — unearthed through questioning and contributed by expert witnesses — has been placed on the public record. Evidence introduced in court can be quoted, and the defendants' accusations have amplified through the media, which invariably depicts the case in David vs. Goliath terms. Last weekend, Channel 4 television broadcast a two-part documentary based on a reconstruction of trial highlights.

Russell Boyce/Reuters

Dave Morris and Helen Steel arriving at London's High Court for the start of final submissions in the libel case brought against them by McDonald's.

UNDER Britain's strict libel laws, the onus was on the defendants to prove their innocence rather than for McDonald's to prove their guilt. (Of course, in the countersuit, McDonald's must prove its contention that the pair deliberately lied.)

The McLibel 2, as they are known, contend that every assertion in their leaflet has been backed up by evidence. The law required the defendants to substantiate every statement from primary sources, such as witnesses or official documents.

At one point, where Ms. Steel said she thought that the truth was a sufficient argument, the judge told her, "No, I am sorry, life is not quite as simple as that."

Mr. Morris said the case could never have been brought in the United States, where debate about, say, the nutritional value of a cheeseburger would be considered to be in the public interest. A senior McDonald's executive acknowledged in court that the alleged defamations "are in the public domain in America to some extent."

Public comment posted on the mcspotlight Web site is running overwhelmingly against McDonald's, although a few people criticize the campaigners.

"Let's face facts," wrote one, "you are all a bunch of vegan Commie whiners. Go move to Red China and eat rice for all I care, but leave my Big Mac the hell alone."

Mr. Morris and Ms. Steel had to represent themselves in the trial because they could not afford a lawyer, and legal aid is not available for libel cases. McDonald's, which has 21,000 stores in 101 countries and reported earnings of $32 billion in 1996, hired a legal team headed by Richard Rampton, who specializes in libel cases.

Although they had not five minutes of legal training between them, the defendants have now spent more time speaking in court than some professional barristers.

So-called litigants in person get no help or guidance, but Dan Mills, a lawyer who is coordinating the McLibel campaign, said the dressed-down defendants put up an effective opposition to McDonald's bewigged and gown-wearing counsel.

MR. MILLS said Ms. Steel was methodical and came to court most days with a list of carefully prepared questions, while Mr. Morris tended to move around and cut loose with unexpected lines of attack. In all, they questioned 130 witnesses, and the two sides obtained written submissions from 50 more witnesses.

"It was a unique opportunity to cross-examine top executives," Ms. Steel said. "Normally, campaigners get turned away at the gates or they get a line from a public relations person. But in this situation, McDonald's executives couldn't walk away."

The trial has attracted the attention of a wide range of campaigners, from vegetarians and trade unionists to animal liberationists and ecologists. Sympathizers contributed about £35,000 to the defense funds. The money was spent on bringing defense witnesses to the trial, paying for court transcripts and administrative matters.

Win or lose, the case is not over yet. The defendants said they were determined to take it to the European Court of Human Rights to argue that they had been deprived of justice because the judge had refused to allow the issue to be heard before a jury.

The decision followed McDonald's contention that the issue of a purported link between diet and cancer was too complex to be assessed by a jury.

"We believe that because we have been denied a jury the world's public are the real jury," Mr. Morris said. "It is the public that should be deciding what the problems are and what kind of society they want to live in, not judges, not governments not multinationals."

Mr. Morris and Ms. Steel also said that if they lost, they would seek damages from the private detectives McDonald's hired to infiltrate their London Greenpeace group, since they had helped distribute some of the anti-McDonald's leaflets as part of their undercover work.

One of the investigators defected to the defense, saying she did not think there was anything wrong with what the group was doing.

Netanyahu And Arafat Trade Blame For Deadlock

Reuters

JERUSALEM — Israelis and Palestinians blamed each other Monday for what a U.S. official described as a breakdown in the core issues of their peace accord.

Yasser Arafat, the Palestinian leader, said that Washington's refusal to pressure Israel had doomed U.S. efforts to revive the Middle East peace talks, which have been deadlocked since March.

But Prime Minister Benjamin Netanyahu of Israel, who took office a year ago vowing a tougher line in peace talks, blamed Mr. Arafat for the crisis.

"If there is no forthcoming position on the part of the Palestinians to keep the agreement, that is to fight terrorism and to follow through on the other conditions, I think it's very hard to proceed," Mr. Netanyahu said.

Martin Indyk, the U.S. ambassador to Israel, was telling the two sides what they knew when he said Sunday that Israel's building of settlements plus Palestinian violence had shattered the fragile trust between them.

But his comments appeared to strike a nerve.

In Gaza, Mr. Arafat explained the breakdown by saying: "There is no American pressure to save the peace process."

Palestinians have urged Washington, Israel's closest ally, to press Mr. Netanyahu to stop building settlements on West Bank land that has been occupied by Israel since the Arab-Israeli war in 1967.

The special U.S. peace envoy, Dennis Ross, who has logged hundreds of mediation hours, failed to revive peace talks in a nine-day mission that ended last week.

■ 2d Palestinian Is Slain

A Palestinian accused of selling land to Israelis has been found slain in the West Bank, in the second such killing since the Palestinian Authority announced this month that it would impose a death sentence on Arabs who sold land to Jews, The New York Times reported from Jerusalem.

The victim was identified as Harbi Abu Sara, 60, a building contractor from the village of Ain Yabrud.

Palestinians said that his body had been found Saturday in the town of Ramallah, which is governed by Palestinians, and that he had been shot in the head.

His death was reported Sunday by Palestinian security officials, who denied that they had been involved in the killing.

Palestinians from the Ramallah area said that Mr. Abu Sara was known to have sold land to Israelis and had been questioned about his business dealings by the Palestinian police shortly after they took control of Ramallah in December 1995. Mr. Abu Sara's son denied the accusations against his father.

The killing was reported more than a week after Farid Bashiti, an Arab real estate dealer from Jerusalem who was also accused of selling land to Jews, was found slain in Ramallah.

The Israeli police have arrested an Arab man and woman in the slaying, identifying the man as a Palestinian police officer and accusing the Palestinian Authority of involvement in the case.

Hong Kong and China Start Direct Rail Service

Reuters

HONG KONG — China and Hong Kong inaugurated direct rail service Monday, just weeks before the British colony returns to Chinese rule.

The new service between Hong Kong and Beijing, a distance of 2,350 kilometers (1,410 miles), takes 29 hours.

An adult ticket for a deluxe berth costs 1,191 Hong Kong dollars ($154). Tickets for a second-class berth are 943 dollars.

On Tuesday, the first direct service between Hong Kong and Shanghai will begin.

Financial Secretary Donald Tsang of Hong Kong inaugurated the air-conditioned train service at the Hung Hom railroad station on the Kowloon Peninsula.

"It symbolizes not only the close cooperation between the Kowloon-Canton Railway Corporation and the Ministry of Railways but also the strengthening of ties between Hong Kong and China, which so many people have been longing for," Mr. Tsang told hundreds of guests and passengers at the station.

Hong Kong, a British colony since 1842, reverts to Chinese rule at midnight on June 30.

While many passengers were euphoric about making the inaugural journey, Lam Jun-cheng, a Hong Kong businessman arriving on the first train from Beijing on Monday, complained that the customs check at Changping, in China's Guangdong Province, before crossing the border to Hong Kong was inconvenient. He said passengers had to drag their bags out of the train for inspection and then reload them.

But Mr. Lam added that the long journey was a bargain. "If it is urgent, I'll fly," he said. "If not, I prefer taking the train. The train is much cheaper."

TRAVEL UPDATE

French Trains Running

PARIS (AFP) — France's SNCF railroad said Monday that traffic was slowly returning to normal after conductors in most cities voted to end a five-day strike that disrupted long-distance and inter-city trains. But air transport was expected to be disrupted Tuesday when pilots at Air France plan to begin a four-day strike.

Air France pledged Monday to maintain national and international flights but said there was "a risk of disruption" and urged passengers to check availability of flights before traveling.

On the rail front, problems were expected Monday on some high-speed TGV lines, with three out of four TGV trains running on northern and southwestern lines and two out of three TGVs running to Toulouse and the southeast.

Italy Rail-Strike Threat

ROME (AP) — The Italian Transport Ministry summoned union leaders to a last-minute meeting in an effort to avoid a 48-hour nationwide train strike that was set to start Monday evening.

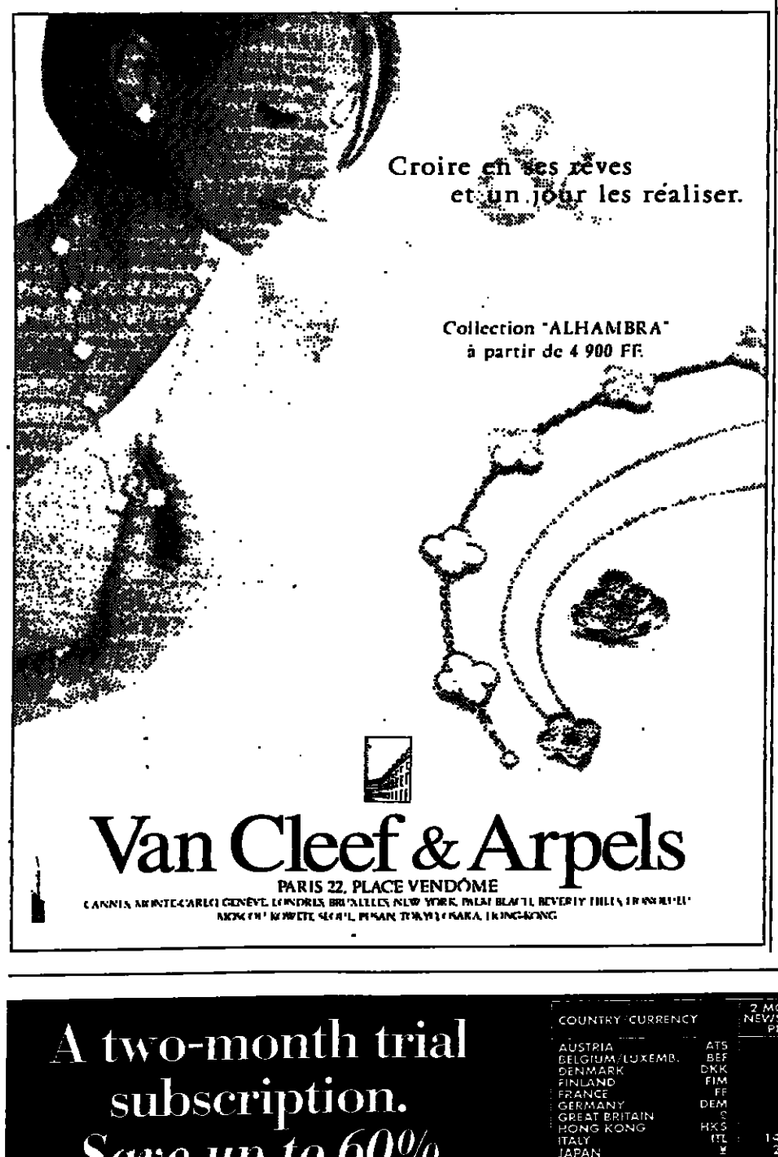
Union leaders representing stationmasters and engineers have called for a strike to start at 9 P.M. to protest delays in contract renewal. Minimum service will be guaranteed, the state railroad said.

Palestinian Airlines announced it would begin its first scheduled international flights next month with twice-weekly trips to Jordan. *(Reuters)*

Air pollution in Athens approached warning levels as temperatures reached 32 degrees centigrade (90 degrees Fahrenheit). *(AP)*

The U.S. national parks, in the next several years, will introduce a reservation system to enter the parks, the interior secretary, Bruce Babbitt, predicted. *(Reuters)*

Plans for a rail link to Dulles International Airport from Washington were submitted by five of the largest U.S. engineering companies to finance, build and operate the $1 billion, 23-mile (37-kilometer) line. *(WP)*



6 Foreigners Beheaded in Saudi Arabia

The Associated Press

JIDDA — Five Nigerians convicted of armed robbery and an Afghan man found guilty of drug smuggling were beheaded Monday in Saudi Arabia, the Interior Ministry said.

The ministry said the five Nigerians were executed in the port city of Jidda. It identified them as Ali Mohammed Abdulaziz, Adam Issa Suleiman, Youssef Othman ibn Gayan, Ali Issa Mohammed and Luqman Salaw.

The five were found guilty of holding up a money exchange in Jidda, locking up its employees and escaping in a stolen car, the ministry said. It did not say when the crime took place.

The Afghan, Abdul-Karim Mawlawi Khan, was executed in the capital, Riyadh. He was found guilty of smuggling heroin, the ministry said.

The executions raise to 38 the number of people beheaded this year in Saudi Arabia; last year, it was 71.

Courts in the kingdom impose beheading as a punishment under Islamic law for rape, murder, drug trafficking and crimes that endanger the public. Western human rights groups have criticized the executions, saying defendants often are denied fair trials.

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

North America
Cooler and unsettled in the Northwest through Friday. The Northeast and mid-Atlantic will be cool through Thursday, then turning warmer. The Great Lakes and Midwest will also experience a warm-up starting Thursday. Warm across the Rockies and Plains; hot in the Southwest.

Europe
Turning cooler across the northern tier of Europe through Friday, with unsettled weather from Warsaw to London and Paris into Thursday. Drier weather will move into London, Paris and Amsterdam by Friday. Slightly cooler, but dry in Rome, while Madrid becomes warmer with sunshine.

Asia
Cool, unsettled weather will continue to grip much of Japan, Manchuria and both Koreas through Friday. However, Seoul may experience a brief warm-up Thursday. Mainly dry and seasonable in Beijing. Muggy in Hong Kong and Singapore with a stray thundershower around each day.

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	22/71	11/52 pc	22/71	13/55 pc
Amsterdam	19/66	11/52 pc	18/64	8/46 r
Ankara	24/75	8/43 c	24/75	7/44 pc
Athens	31/88	18/64 s	31/88	19/66 s
Barcelona	23/73	14/57 pc	19/66	11/52 pc
Belgrade	28/82	14/57 s	30/86	14/57 pc
Berlin	22/71	14/57 r	19/66	11/52 r
Brussels	18/64	12/53 c	16/61	9/48 r
Budapest	26/82	14/57 pc	27/80	13/55 pc
Copenhagen	11/52	6/43 r	13/55	7/44 sh
Costa Del Sol	22/71	12/53 pc	23/73	14/57 pc
Dublin	14/57	11/52 r	13/55	6/43 r
Edinburgh	12/53	8/46 r	12/53	1/34 pc
Florence	25/77	14/57 c	28/78	12/53 pc
Frankfurt	21/70	13/55 r	18/64	8/46 r
Geneva	18/64	9/48 r	18/61	7/44 r
Helsinki	3/48	-1/31 pc	12/53	3/37 pc
Istanbul	24/75	14/57 s	27/80	17/62 pc
Kiev	21/70	13/55 r	21/70	14/57 sh
Las Palmas	23/73	18/64 pc	23/73	17/62 pc
Lisbon	21/70	12/53 pc	19/66	13/55 pc
London	17/62	11/52 sh	18/66	8/48 sh
Madrid	24/75	8/48 pc	23/73	8/48 pc
Mallorca	23/73	16/61 pc	19/66	12/53 pc
Milan	24/75	13/55 pc	24/75	11/52 pc
Moscow	12/53	3/37 pc	14/57	7/44 pc
Munich	22/71	8/46 sh	18/64	7/44 sh
Nice	21/70	14/57 pc	23/71	12/53 pc
Oslo	12/53	6/43 r	8/46	4/39 r
Paris	18/64	12/53 r	16/61	8/46 r
Prague	23/73	12/53 r	19/66	7/44 pc
Reykjavik	9/48	3/37 s	9/48	3/37 pc
Riga	12/53	3/37 pc	15/59	9/48 sh
Rome	25/77	16/61 c	22/71	11/52 r
St. Petersburg	9/48	2/35 pc	12/53	4/39 pc
Stockholm	12/53	1/34 pc	9/48	4/39 c
Strasbourg	20/68	8/46 r	17/62	9/48 r
Tallinn	9/48	-1/31 pc	13/55	4/39 pc
Tbilisi	24/75	12/53 c	28/79	14/57 r
Venice	23/73	13/55 pc	24/75	12/53 pc
Vienna	27/80	14/57 pc	25/77	13/55 pc
Warsaw	19/64	13/55 sh	19/66	10/50 sh
Zurich	20/68	10/50 r	17/62	8/46 sh

Middle East

Abu Dhabi	36/97	19/66 s	34/93	19/66 s
Beirut	21/70	13/55 s	21/70	14/57 pc
Cairo	31/88	14/57 s	31/88	15/59 s
Damascus	25/79	8/46 s	25/77	10/50 s
Jerusalem	22/71	8/46 s	22/71	9/48 s
Luxor	39/102	15/59 s	39/102	16/61 s
Riyadh	39/102	28/82 s	39/102	28/82 pc

North America

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Anchorage	16/61	8/43 pc	17/62	8/48 pc
Atlanta	26/82	15/59 t	24/75	13/55 pc
Boston	24/75	15/50 t	17/62	7/44 pc
Chicago	18/64	8/43 s	20/68	8/46 pc
Dallas	24/75	17/62 t	28/79	16/61 t
Denver	23/73	10/50 pc	22/73	8/46 pc
Detroit	19/66	4/39 s	20/68	7/44 pc
Honolulu	28/82	20/68 s	30/86	22/71 pc
Houston	30/86	18/64 t	28/82	18/64 c
Las Angeles	24/75	14/57 pc	24/75	12/53 pc
Miami	31/88	24/75 pc	32/89	24/75 pc
Minneapolis	17/62	4/39 pc	19/66	6/43 pc
Montreal	15/59	7/44 r	11/52	3/37 c
Nassau	31/88	22/71 s	31/88	23/73 pc
New York	27/80	11/52 t	20/68	10/50 pc
Orlando	31/88	21/70 pc	31/88	19/66 pc
Phoenix	38/100	21/70 s	32/89	19/66 pc
San Fran.	20/68	11/52 pc	18/64	11/52 pc
Seattle	18/66	8/46 pc	18/64	8/46 sh
Toronto	11/52	-1/31 pc	8/46	-1/31 pc
Vancouver	16/64	8/46 pc	14/57	6/43 sh
Washington	28/82	11/52 t	22/71	10/50 pc

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	29/84	12/53 s	27/80	11/52 pc
Bali	32/89	21/70 s	32/89	21/70 s
Bangkok	30/86	25/77 t	32/89	24/75 sh
Beijing	25/77	14/57 pc	28/82	18/61 s
Bombay	32/89	24/75 s	32/89	24/75 s
Calcutta	36/97	24/75 s	36/97	24/73 s
Chiang Mai	31/88	23/73 t	33/91	22/71 sh
Colombo	28/82	23/73 c	28/82	24/75 pc
Hanoi	32/89	27/80 pc	31/88	26/79 c
Ho Chi Minh	34/93	27/80 c	32/89	26/79 r
Hong Kong	30/86	26/79 pc	29/84	24/75 c
Islamabad	39/102	21/70 s	39/102	22/71 s
Jakarta	31/88	23/73 pc	30/86	23/73 pc
Karachi	38/97	24/75 s	34/93	24/75 s
K. Lumpur	32/89	23/73 pc	32/89	23/73 pc
K. Kinabalu	33/91	23/62 pc	32/89	25/78 pc
Manila	34/93	24/75 pc	32/89	23/73 sh
New Delhi	44/111	25/77 s	43/109	27/80 s
Phnom Penh	32/89	24/75 sh	32/89	24/75 c
Phuket	30/86	25/77 t	32/89	24/75 sh
Rangoon	30/86	25/77 t	32/89	24/75 sh
Seoul	18/64	8/46 c	19/61	8/48 r
Shanghai	22/71	12/53 s	21/70	12/53 pc
Singapore	33/91	25/82 pc	33/91	27/80 pc
Taipei	28/79	18/64 s	24/75	17/62 pc
Tokyo	21/70	16/59 r	19/66	13/55 s
Yerolame	31/88	28/79 pc	30/86	25/77 c

Africa

Algiers	28/79	14/57 pc	24/75	11/52 pc
Cape Town	14/57	4/39 pc	17/62	8/46 s
Casablanca	20/68	12/53 s	20/68	14/57 s
Harare	31/88	12/53 s	32/89	12/53 s
Lagos	30/86	22/71 pc	29/84	23/73 sh
Nairobi	29/79	13/55 s	26/77	13/55 t
Tunis	31/88	17/62 s	28/82	14/57 s

Latin America

Buenos Aires	19/66	11/52 s	17/62	5/41 sh
Caracas	29/84	24/75 c	31/88	25/77 pc
Lima	24/75	17/62 pc	23/73	18/64 s
Mexico City	24/75	12/53 pc	23/73	12/53 pc
Rio de Janeiro	24/75	19/64 pc	24/75	19/66 c
Santiago	12/53	-1/31 r	8/46	-2/29 c

Oceania

Auckland	17/62	12/53 pc	18/64	13/55 pc
Sydney	18/64	11/52 pc	17/62	14/57 c

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, I-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

Pentagon Unveils Limited Cutbacks

The Associated Press

WASHINGTON — Declaring the military "must shed more weight," Defense Secretary William Cohen unveiled a Pentagon blueprint Monday designed to cut costs without weakening the military's punch.

The 69-page Quadrennial Defense Review leaves intact the core military force of 10 active army divisions, a dozen aircraft carrier battle groups and 20 air force fighter wings — enough, the Pentagon says, to win two regional wars almost simultaneously.

But with budget pressures weighing heavily, the review also recommends trimming major weapons modernization programs, holding at least two major rounds of base closings and thinning the military's support systems.

"The path we have chosen strikes a balance between the present and the future, recognizing that our interests and responsibilities in the world do not permit us to choose between the two," Mr. Cohen said in a message accompanying the report.

By largely sparing front-line forces and canceling *no major new weapons* programs, the defense review represents at least a partial victory for senior officers at the Pentagon. General John Shalikashvili, chairman of the Joint Chiefs of Staff, said the recommended reductions "can be accomplished with minimal impact on the combat force."

The plan maintains the U.S. commitment to defending South Korea and the Gulf. It also foresees "the possible emergence, after 2010-2015, of a regional power or global peer competitor," a phrase usually taken to mean China.

Illegal Aliens in U.S. Are 'Home Free'

Reduced Internal Enforcement Allows Fraud Schemes to Blossom

By William Branigin
Washington Post Service

WASHINGTON — As the United States has focused on tightening control of its borders, illegal aliens have taken advantage of reduced internal enforcement to initiate fraud schemes that will allow them *to settle indefinitely in the* United States and receive federal immigration benefits, according to U.S. officials and internal documents.

Most of those who engage in immigration fraud come to the United States to work and improve their living standard. But some are terrorists and criminals, notably members of Russian and Chinese crime syndicates, government documents show.

Unless more effort is devoted to detecting and stopping fraud, U.S. officials say, attempts to control illegal immigration will fail.

Once illegal immigrants enter the United States, the sources say, a lack of domestic enforcement capability by the Immigration and Naturalization Service and the easy availability of fraudulent documents ensure that, in most cases, they are "home free."

The issue was to be the subject of a hearing Tuesday before the House Judiciary subcommittee on immigration led by Representative Lamar Smith, Republican of Texas.

Of greatest concern to U.S. authorities is a sharp increase in what is known as "benefit application fraud," which involves obtaining legal immigration status through fraudulent means.

This is in contrast to document fraud, in which fake passports, visas, birth certificates, Social Security cards, work permits and other documents are used to enter or function in the United States.

Often, document fraud leads to benefit fraud, resulting in the issuance of various types of U.S. visas, political asylum, permanent residence and even U.S. citizenship.

After an ineligible applicant receives a valid, government-issued document, such as alien registration card, or "green card," denoting legal immigrant status, the fraud is "unlikely to be detected thereafter," the immigration service report said. "In addition to the wide range of INS programs affected," it adds, "the sheer volume of fraudulent applications relating to a single benefit fraud scheme can be enormous, and the structure of the criminal conspiracy complex."

In one case detailed in the report, nearly half of 22,000 applications filed by one immigration consulting firm on behalf of illegal aliens seeking amnesty were proved or suspected to be fraudulent, and 54 people who had collected more than $9 million in fees were prosecuted.

More worrisome, the report says, is that "alien criminals and terrorists manipulate the benefit application process to facilitate expansion of their illegal activities, such as crimes of violence, narcotics trafficking, terrorism and entitlement fraud."

For example, it said, Mir Aimal Kansi, a Pakistani terrorist wanted for fatally shooting two CIA employees outside the agency's headquarters in 1993, had obtained two green cards, one through a political asylum application and the other through the amnesty program.

Among cases under investigation are some in which Russian and Chinese organized crime figures, smugglers, money-launderers, prostitutes, restaurant workers and low-wage laborers have gained entry as executives of phony businesses through a notoriously porous nonimmigrant visa category known as L-1A. The L-1A visas are meant to ease "intracompany transfers" of foreign businessmen to set up or manage U.S. subsidiaries.

Leslie Close/The Associated Press

Workers propping up a section of the balcony after the collapse.

Away From Politics

• **A second-story wooden balcony holding spectators who had gathered** for a good view of the University of Virginia's commencement collapsed just minutes before the ceremony, killing one person and injuring 18 others in Charlottesville. University officials said 4 to 10 people were standing on the 19th-century balcony on a building designed by the school's founder, Thomas Jefferson, when it gave way. Parts of the balcony rained down on spectators. *(WP)*

Joan Kroc, widow of the founder of McDonald's, has been identified as the donor of $15 million to flood victims in Grand Forks, North Dakota. She requested anonymity when she asked officials to distribute $2,000 to each family that had suffered. But Senator Byron Dorgan of North Dakota confirmed she was the donor after the Grand Forks Herald newspaper found that her jet had refueled at the city airport. *(AP)*

• **The Army National Guard has been banned from shooting practice** on Cape Cod because its spent bullets could pollute groundwater. Environmentalists asserted that chemicals from shells and lead from bullets threatened public health. *(AP)*

• **A 16-year-old boy was shot in the back** by a motorist who threatened revenge after his car was splashed by teenagers who were having a friendly water fight, the police in Oakland, California said. *(AP)*

• **A train derailed near Denali National Park in Alaska,** leaving 380 passengers stranded in a remote area for several hours. No one was injured in the accident, which occurred about 170 miles north of Anchorage. *(AP)*

U.S. Opens New Assault on Drug Cartel Money-Laundering

By David E. Sanger
New York Times Service

WASHINGTON — The administration has devised new rules in an effort to make it far more difficult for drug cartels to move their profits from the United States to Colombia and other drug centers in Latin America, building on a successful experiment in New York City, officials familiar with the plan say.

Under the new rules, street-corner check-cashing services and large money-transmitters like Western Union and American Express would be required to report to the Treasury wire transfers of more than $750 outside of the United States. Until now, only transfers of more than $10,000 required the filing of a government form that includes basic information about the sender. The regulations, which would go into effect after a 90-day comment period, were to be announced by Treasury Secretary Robert Rubin and Raymond Kelly, the former New York City police commissioner who is head of the Treasury's enforcement division.

Ordinary banks, which operate under separate rules requiring reports of suspicious activities, will be exempted, though they must still file reports of international transactions of more than $10,000.

The new rules grew out of a federal and state crackdown on money-laundering that began in New York City in August. Using the Treasury's emergency powers under the Bank Secrecy Act, Mr. Kelly required cash transmitters in New York City — chiefly storefront shops in Queens and northern Manhattan that immigrants often use to wire money home — to report transactions of more than $750 or face large penalties.

Intelligence reports suggested that the New York transmitters moved more than $1 billion in drug money a year to Latin America, chiefly to Colombia, in increments just under $10,000, to avoid the government reporting requirements. Law-enforcement officials, presumably after eavesdropping on the drug operations, said the $750 limit virtually dried up the cartel's money-wiring business in the city, because the burden of dividing up a remittance of, say, a $500,000 payment to Colombia in such increments was significant.

"It was more successful than we could have imagined," said a senior administration official deeply involved in the crackdown. "It didn't cut the money off, but it required the cartels to move a lot more in cash. And that is dangerous for them."

During the six-month experiment, cash seizures at Kennedy and Newark International Airports and Logan International Airport in Boston rose to $50 million, a fourfold increase over the previous year, Treasury officials said.

POLITICAL NOTES

Rules to Live By in Washington

WASHINGTON — Beleaguered voters seem confused and often outraged at the way Washington conducts business. That's because people on the outside do not understand how the game is played. But floating around Capitol Hill, apparently for use as a training tool for new staff members, is a one-page guide entitled "Washington Rules" giving the basic rules that are the keys to effective play in Congress and throughout government:

- If it's worth fighting for, it's worth fighting dirty for.
- Don't lie, cheat or steal unnecessarily.
- *There is always one more son of a bitch than you* counted on.
- An honest answer can get you into a lot of trouble.
- The facts, although interesting, are irrelevant.
- Chicken Little only has to be right once.
- "No" is only an interim response.
- You can't kill a bad idea.
- If at first you don't succeed, destroy all evidence that *you ever tried.*
- The truth is a variable.
- A porcupine with his quills down is just another fat rodent.
- You can agree with any concept or notional future option, in principle, but fight implementation every step of the way.
- A promise is not a guarantee.
- *If you can't counter the* argument, leave the meeting.

(Al Kamen, WP)

Democrats' Debts Mushroom

WASHINGTON — Burdened by mounting legal bills, officials of the Democratic National Committee have abandoned hope of eliminating the party's huge financial debt by the end of *the year and are considering cutting* programs and plans for staff expansion to prevent the financial crisis from overwhelming the organization.

The situation is much worse than was expected earlier this year. Party officials are in the final stages of developing a long-term debt restructuring plan that would provide a stretched-out schedule for payments.

Asked whether the party would eliminate its debt by the end of 1998, a year later than initially projected, Steve Grossman, the Democratic national chairman, said, "My fondest hope is that we could do it by the end of 1998."

Others familiar with the party's finances said it could take years to retire the debt. The party reported a debt of $14.4 million at the end of the first quarter, and the national committee has about $1 million in cash on hand. *(WP)*

Quote/Unquote:

Representative W.J. (Billy) Tauzin, Republican of Louisiana and chairman of the House Commerce subcommittee on telecommunications, trade and consumer protection, as 300 families from Peoria, Illinois, prepared to testify on the television industry's on-air parental guidelines: "We've heard from members of Congress and lobbyists in Washington on this issue; it's time to hear from the American public." *(WP)*

Tabloid Takes Flak in Luring Sportscaster

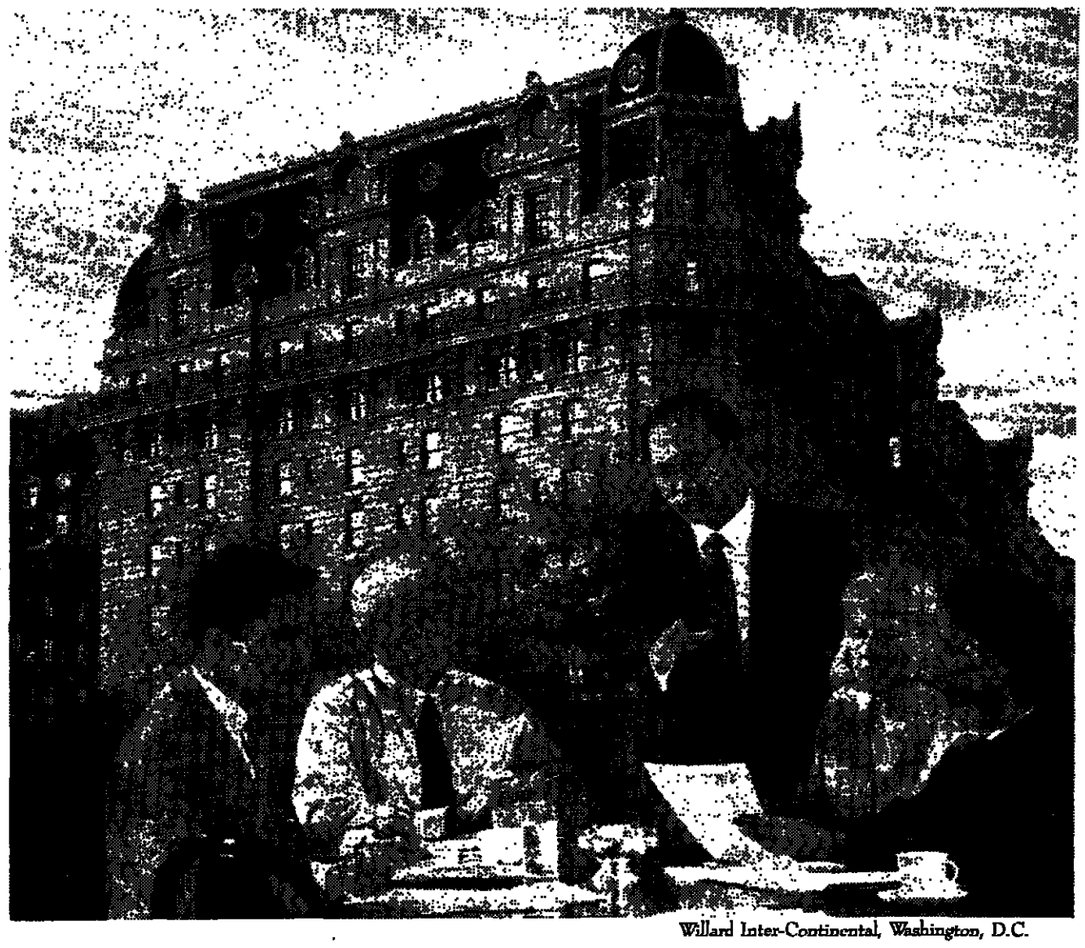
By Howard Kurtz
Washington Post Service

WASHINGTON — It looks like a typical tabloid exposé: Intimate photos of Frank Gifford, the football sportscaster and former New York Giants star, embracing a blonde who is not Kathie Lee Gifford, his wife and the co-host of the talk show "Live With Regis and Kathie Lee."

But the Globe did more than just publish the pictures: The supermarket tabloid paid a former flight attendant, Suzen Johnson, $75,000 to entice Mr. Gifford into a New York hotel room where a video camera was hidden, people familiar with the article say.

"There's a difference between reporting the news and creating the news," said Steve Coz, editor of the rival National Enquirer. "It's one thing to catch a celebrity cheating and another to induce or entrap them," adding, "This is way over the top."

The Globe's editorial director, Dan Schwartz, said, "The issue is not what we did, the issue is what Frank Gifford did."



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*FORUM HOTEL

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re — Chapter 11
GC TECH, INC. — Case No. 97 B 42829 (JHG)
Debtor.

PLEASE TAKE NOTICE that by order dated May 9, 1997 (the "Scheduling Order"), the Bankruptcy Court has scheduled a hearing for June 16, 1997 at 9:30 a.m. before the Honorable Jeffry H. Gallet, United States Bankruptcy Judge, in Courtroom 523 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004, on the Debtor's motion (the "Motion") to approve the sale (the "Sale") of stock of GC Tech S.A. ("S.A.") and Globe Online Ltda, two of the Debtor's subsidiaries, and all obligations owed to the Debtor by SA, and all claims, liabilities, and causes of action relating to the Sale of the foregoing (collectively, the "Assets"), free and clear of liens, claims and encumbrances, for the highest and best offer as may be received by the Debtor for the Assets.

PLEASE TAKE FURTHER NOTICE, that a copy of the Scheduling Order and the Motion may be obtained at any time upon request to: Kaye, Scholer, Fierman, Hays & Handler, LLP, counsel for the Debtor, Attn: Arthur Steinberg, Esq., 425 Park Avenue, New York, NY 10022-3598, by mail, by telephone ((212) 836-8564), or by facsimile ((212) 836-8689).

PLEASE TAKE FURTHER NOTICE, that any offer for the Assets must be made in accordance with the bidding procedures approved by this Court in the Scheduling Order, and that all objections to the Sale must be made in conformity with the Scheduling Order.

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On the Edges of China's Prosperity

For Oyster Shuckers, Growth Brings Long Hours and Low Pay

By Seth Faison
New York Times Service

BEIHAI, China — At the far end of a shorefront littered with broken shells, where sea salt flavors the warm spring air, a handful of small women in cone-shaped straw hats waded into the water, empty baskets in hand.

Two fishermen on a flatbed skiff drifted in to unload their oysters, each shell smothered in dark green algae and bulkier than a brick. Loading up a basket made a heavy burden, at 75 pounds (33.75 kilograms) or more, but over the shoulder they went, a trail of muted grunting in their wake.

Up on shore, Fu Chun was already banging open a heavy oyster shell when her mother arrived with a basketful more, dumping a pile of gnarled shells onto the small mountain that was already there.

Just 14, Fu Chun wielded a wooden club like an old pro, whacking an oyster so hard that the shell popped open at first hit. In one smooth motion, mirrored by the two dozen women working alongside her, she scooped out the oyster flesh and dropped it into a plastic bucket.

"I used to follow my mother here every day and beg her to let me work," said Fu Chun, her shirt stained by spots of mud. "Back then, she said I was too small. Now I see it's not so much fun, but she says I have to work."

The oyster-shucking women of Beihai, a small port on the southern coast of China, look like people who live a timeless life of hard labor. Yet they represent a simple instance of the far-reaching economic and social change under way in China.

In coastal areas, fast economic growth means that ordinary people now have chances aplenty to earn a modest amount of money. But within such opportunities lurk other, more difficult choices, like forcing your child to work instead of going to school.

Fu Chun, talking on a Saturday afternoon, said at first that she worked only on weekends and went to school during the week. But she later acknowledged that her mother often insisted that she work during the week as well, because the family was saving money in hope of buying a new television set.

"I want to finish high school, but my teacher says it may be hard if I keep skipping school," she said.

Fu Chun and her mother, like the other women here, earn money according to how much they produce. Their boss pays 5 cents for every pound of oyster, without shell. He then turns around and sells the oysters to a canning company for 75 cents a pound.

On a good day, meaning dawn till dusk with scant interruption, Fu Chun and her mother take home about $2.50.

"I want her to go to school, really," said the girl's mother, Wang Zhenna, a chunky woman with a worn T-shirt carrying the logo "Real Fashion." "Right now we don't have enough money."

She glanced down at the bucket of shucked oysters and figured aloud that they were only halfway to the day's goal, then hurried back down to the water for another load.

Several other women chattered away as they shucked their oysters, and one said Fu Chun and other teenage girls complained about the hard nature of oyster-shucking only because they did not know that it was better than fishing or farming, two of the main occupations in this area.

"We're going to set you up with one of those fishermen," another woman teased Fu Chun. "You live out on the sea, and then you'll wish you were back."

"I'm never going to marry a fisherman," Fu Chun muttered, almost to herself.

"We'll never find a man for you," a second woman interjected, as the other women laughed. "Your hands are too rough."

Most of the women here work all day, every day. Only when a heavy storm scares off the fishermen, or when a broken truck keeps away the oyster buyers, one woman said, do they take a rest.

Oyster fishing has been around longer than anyone can remember, but its scale has grown sharply in recent years, with a growing market for canned oysters in China's cities. Hence the need for more hands, young or old, to shuck.

The foreman of this operation, Zhao Minfeng, said he hired only adult women to haul and shuck oysters.

"If they want to bring their daughters to help, that's their business," he said.

Mr. Zhao agreed that the women were able to earn only a modest income at the prices he pays, but he pointed out that it was more than most of them had made when they worked in the fields as farmers.

"I was a farmer, too," Mr. Zhao said. "It's really rough. Some years you make a little more and some years a little less, but the work is always hard."

He looked out at the sea.

"It's better being here by the ocean."

Seth Faison/The New York Times

Fu Chun, 14, shucking oysters by the shore in Beihai on China's southern coast. A good day's work, from dawn to dusk, yields about $2.50.

Cyclone Off the Bay of Bengal Lashes the Bangladesh Coast

Reuters

CHITTAGONG, Bangladesh — Five people were killed and at least 100 were injured when a cyclone struck the coast of Bangladesh and the port city of Chittagong on Monday.

Doctors at Chittagong Medical College Hospital said they feared the death toll would rise as more reports came in. "This was a major devastation and we think many more casualties will follow," one doctor said.

Newspaper reporters said more than than 350 people had died on three islands just offshore and in the Cox's Bazar district, but there was no immediate official confirmation.

Officials at the Information Ministry said one million people had been evacuated from the path of the cyclone before it lashed the southeast coast. Officials in this port said that thousands of houses were demolished and that uprooted trees and power poles jammed roads. Power supplies and communications were cut in many areas.

"We fear more severe damage in Cox's Bazar and Teknaf areas along the southeastern coast," an official said.

Two opposition legislators said more than 100,000 houses were damaged on the outskirts of Chittagong city alone.

Port officials said the cyclone's 200 kilometer an hour (125 mile an hour) winds broke one ship off its anchor, damaged another vessel and sent a large crane crashing onto a jetty.

Prime Minister Hasina Wazed canceled a trip abroad and said she hoped Bangladeshis would face the crisis with courage. She assured them that there would be no dearth of relief materials.

The storm roared in from the Bay of Bengal and lashed the coast Monday afternoon, sweeping the Cox's Bazar and Teknaf areas, officials said.

The district administrator of Cox's Bazar, Ali Imam Majumder, said: "Vast areas have been affected, with electricity supply and telecommunications disrupted. Many houses have been destroyed and we can see sheets of tin from roof tops flying like tree leaves."

Weather officials said they feared the cyclone could trigger a tidal surge of up to five meters (15 feet), which would inundate widespread areas.

Communications with Teknaf and Cox's Bazar had been cut, and Red Crescent officials said Teknaf may have suffered major damage.

Saint Martin's island near Teknaf was under two meters of water. Several other islands had been battered by the cyclone and could be inundated, Red Crescent said, quoting their field volunteers.

The authorities now fear that the high seas will flood large low-lying areas of the country.

Bangladesh's worst cyclone, in 1991, killed at least 138,000 people and left millions homeless.

Ex-Communist Wins Presidential Race in Mongolia

The Associated Press

ULAAN BATAAR, Mongolia — A former hard-line Communist has won Mongolia's presidential election by a landslide, according to results Monday, in a vote seen as a rejection of the rapid pace of free-market reforms.

N. Bagabandi, chairman of the Mongolian People's Revolutionary Party, had promised to slow Mongolia's transition from a centralized Communist economy to capitalism.

Mr. Bagabandi received 61 percent of the ballot Sunday to 30 percent for President P. Ochirbat, the Election Commission said.

Mr. Bagabandi is expected to use his largely ceremonial post to veto legislation that the governing coalition believes is needed to complete Mongolia's transition to a free market by 2000.

The governing party still controls the Parliament. But it has barely the two-thirds majority it will need to override such vetoes. It also controls the prime ministership.

About 85 percent of Mongolia's 1.1-million eligible voters cast ballots, the Election Commission said.

The result was a setback for the forces that brought democracy to this remote nation seven years ago.

Via Bahamas, Taipei Sends Diplomatic Warning

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan struggled Monday to limit the damage from the loss of another diplomatic friend, telling its allies they risk economic punishment if they switch recognition to Beijing.

In a surprise announcement late Sunday, Taipei said it was ending links with the Bahamas after learning that the Caribbean nation was preparing to establish ties with Beijing.

Rather than waiting for Nassau to act, Taipei announced that all treaties with the Bahamas were suspended and recalled its ambassador.

Foreign Minister John Chang said Taipei's move was intended as a signal to other allies that they had much to lose if they, too, recognized Communist China. "One of the reasons we did this was to prevent a domino effect from happening," Mr. Chang said.

Concern by the Bahamian government that it would be forced to close a newly opened $80 million container port — run by Hong Kong-based Hutchison Whampoa Ltd. — is believed to have driven its decision to favor China. Hong Kong reverts to Chinese rule on July 1, at which time all Hong Kong-based companies will come under Chinese jurisdiction.

After the Bahamian shift, Taiwan will have ties with only 30 states, most of them poor and heavily dependent on Taipei's financial largesse. The number will soon fall to 29, after South Africa said it would switch ties in 1997.

Analysts said Taipei's response toward the Bahamas may reflect a shift away from its "silver dollar" diplomacy — doling out cash to ensure relations — at a time when Beijing is squeezing Taiwan's allies politically.

A National Taiwan University analyst, Chang Lin-cheng, said that Taiwan, despite its vast wealth, was discovering that it was no longer a match for an economically resurgent China. "It's worth pondering whether we should continue to spend a huge amount of money in securing ties with some allies which intend to switch ties to Beijing," she said. *(Reuters, AP)*

BRIEFLY

Seoul Opposition Picks Candidate

SEOUL — South Korea's largest opposition party on Monday nominated its leader, Kim Dae Jung, as its candidate for presidential elections in December.

The nomination opened the way for the 72-year-old chief of the National Congress for New Politics to run for president for the fourth time.

Mr. Kim was nominated with the overwhelming support of more than 4,100 delegates at a national convention.

"We have a golden opportunity to win a transfer of power in this year's election," Mr. Kim said in his acceptance speech. *(AP)*

Rebel Troops Kill An Afghan Leader

ISLAMABAD, Pakistan — Troops rebelling against a warlord in northern Afghanistan ambushed and killed a provincial governor and 15 of his guards Monday, Pakistani and Afghan officials said.

An uprising against General Abdul Rashid Dustam could weaken the alliance battling the Taleban religious army.

Maulvi Abdul Qaddus, governor of Samangan Province, and his men were ambushed by troops loyal to Malik Pahlawan, the leader of the rebellion against General Dustam, Pakistani intelligence sources and Afghan officials said. *(AP)*

Sri Lankan Army Hits Tamil Targets

COLOMBO — The Sri Lankan military attacked Tamil Tiger targets from the air on Monday while ground troops consolidated northern areas captured from the rebels after fierce fighting last week, the Defense Ministry said.

"Air and artillery fire was directed at given likely enemy targets in the area," a statement said.

Artillery was being fired from the villages of Omanthai and Nedunkeni, which troops captured from the Liberation Tigers of Tamil Eelam last week, a military spokesman said. *(Reuters)*

For the Record

A Hong Kong judge ordered a former senior U.S. immigration officer jailed Monday for three months for passport fraud. Jerry Wolf Stuchiner was first jailed last August when he pleaded guilty to possessing five false Honduran passports. At the time of his arrest he was head of the U.S. Immigration and Naturalization Service in Honduras. *(AP)*

A Thai court ordered the extradition of Li Yun-chung to the United States on Monday. He was accused of a role in smuggling the biggest shipment of heroin ever seized in the United States. *(AP)*

Calm After the Storm in Jakarta, But More Election Clashes Feared

Reuters

JAKARTA — Indonesia was calm Monday after two days of pre-election violence, but the police said they would be on the alert for fresh clashes when large-scale campaigning resumed Tuesday.

"From the view of the national police, it's safe and under control," a police spokesman said, adding that heightened security would remain in place for the last few days of the campaign, which ends Friday for the May 29 election.

"The police are facing crowds which spontaneously arise in large numbers," the spokesman said. "If we act harshly, we will receive a response which will cause police or the community to suffer."

Thousands of supporters of the minority, Muslim-based United Development Party hurled stones at partisans of the governing Golkar party and fought security forces in Jakarta and other cities on the island of Java on Sunday, but no injuries or arrests were reported.

The police fired tear gas and rubber bullets, later firing live ammunition into the air to disperse mobs in Jakarta. They also charged protesters in the ancient city of Yogyakarta and the nearby town of Bantul, witnesses said.

On Saturday, police fired into the air to disperse a mob of United Development Party supporters who said they had been blocked from entering a street in eastern Jakarta where Golkar partisans had campaigned earlier.

The third party in the contest, the Indonesian Democratic Party, has drawn few crowds to its rallies. Its campaigning on Java on Monday took place without incident.

The three political parties have said they will not hold any street rallies in Jakarta for the rest of the campaign because of the threat of violence, but observers said it remained to be seen whether their supporters would honor these pledges.

Political analysts said the Golkar party, in power for 30 years under President Suharto's rule, was unlikely to be seriously challenged in the legislative election.

Thomas Cheng/Agence France-Presse

CALL FOR DEMOCRACY — The Chinese dissident Chai Ling, a leader of 1989 democracy protests, greeting backers Monday in Hong Kong. She said its people would have to struggle to keep freedoms.

CHINA: *Decision Due on Access to Data*

Continued from Page 1

thralled with the way capital markets raise money, but are nervous that the free-flowing information that comes with markets might undermine the party's control.

In recent years, however, the amount of available news and financial information has risen exponentially. There has not been the challenge to the legitimacy of the Communist Party that many old-school leaders feared, but its authority over the day-to-day lives of ordinary people is gradually diminishing.

By early 1996, Reuters and Dow Jones Markets, a unit of Dow Jones & Co., already had several hundred customers each, mainly Chinese banks and financial institutions that trade on international commodity, currency and other markets.

Executives at these news companies were shocked at the way Xinhua was trying to become both a regulator and a competitor — last year it started its own financial news service, New China Financial Information — in an era when China's leaders continually proclaim their determination to separate government from business. The agency's officials apparently won approval from the government to expand their role by portraying themselves as a necessary lifeguard at the swelling pool of electronic information available in China.

But during subsequent negotiations, foreign executives said, agency officials seemed most interested in learning about the commercial and technological operations, apparently for use at New China Financial.

In addition to wanting to learn who exactly the customers were and how much they paid, and how software and hardware operated, the press agency also asked Reuters and Dow Jones to pay a large percentage of their revenues in China.

Unfortunately for Xinhua, China's leaders are intent on joining the World Trade Organization, and the agency's desire to restrict rather than free the operations of international companies seems to go against WTO principles.

By late last year, foreign executives believed their negotiations with Xinhua would effectively be postponed during China's efforts to gain access to the WTO this year.

But last month, agency officials informed Reuters and Dow Jones that they would have to accept the agency's new regulations or they would be allowed no new customers.

"This issue is now larger than Xinhua and a few foreign information companies," said James McGregor, chief representative for Dow Jones in China. "It's a WTO issue. We don't want to do anything that would hurt China's chances of getting into the WTO."

Mr. McGregor said he and Reuters executives accepted the desire of China's leaders to check the information that foreign companies bring into the nation. But he held that Xinhua's double role as a regulator and a competitor goes against every principle of fair business competition.

Xinhua has modified its stance, dropping its original demand to be paid a percentage of each news agency's revenue in China. Their initial request of 40 percent dropped to 15 percent, and later to 7 percent, and last month was dropped altogether.

It is even questionable whether the central government would again approve the news agency's request for an expanded role if the decision were to be made today, a measure of how the political and technological atmosphere has changed in China over the last 16 months.

TRADE: *Car Exports Drive Japan Surplus*

Continued from Page 1

omy and employment remain firm, I think it's unlikely there will be significant tension between Washington and Tokyo over trade this year."

Japan's surplus with Asia grew 34.1 percent, to 536.6 billion yen. With the European Union, the surplus widened 151.3 percent, to 230.9 billion yen. The April trade-surplus data, which are not adjusted for seasonal factors, are based on a dollar-yen rate of 124.35, compared with a rate of 107.19 yen to the dollar in the previous year.

The dollar fell as low as 114.85 yen in Tokyo trading after the release of the trade figures. A higher surplus means more dollars in the hands of Japanese exporters to convert to yen for profits.

But the dollar recovered as the focus turned to whether the Federal Reserve would raise U.S. interest rates Tuesday. Higher rates would make it more attractive to hold dollar-denominated financial assets and thus would raise the dollar's value.

Economists blamed the jump in Japan's trade surplus on resurgent car exports and on slower growth in imports.

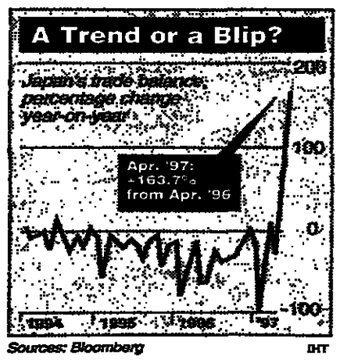
In April, car exports rose 32.1 percent from a year earlier by value and 20.1 percent in volume, the Finance Ministry said.

Japanese carmakers spent the first three months of the year feeding the domestic market, buoyed by strong demand ahead of a sales-tax increase to 5 percent from 3 percent on April 1. But economists said data for the April-June quarter would show carmakers shifting their focus abroad, in response to strong growth in the U.S. economy and weakness in Japan.

"Exports are going to start flying," Brian Rose, an economist at SBC Warburg Japan, told Bloomberg News. "The car companies said they were so busy building cars for domestic sale that they didn't have time to build for export. From April, that's going to change."

By contrast, demand at home for big-ticket items will slip between April and June because, in addition to raising the sales tax, the government ended two years of income-tax rebates and raised medical-insurance premiums in April. Economists expect that development to slow the economy by as much as 1 percent in the quarter and force Japanese companies to look overseas for buyers.

Economists surveyed by Bloomberg predicted Japan's trade surplus would expand 36 percent in the April-June quarter from the same period last year. For the year, economists forecast a rise in the surplus of 18.6 percent.



MFN: *Clinton Opens Battle Over China*

Continued from Page 1

Several members of Congress, including some who have favored renewing China's trade status in the past, have expressed grave misgivings about the vote this year.

Newt Gingrich, the speaker of the House, said recently that he expected a "weaker vote" for renewal this year.

He had suggested limiting renewal to three or six months while Congress monitored the reversion of Hong Kong. But he moved away from that stance after Hong Kong leaders, including Governor Chris Patten and Martin Lee, the leader of the Democratic Party, said such a limit would hurt Hong Kong's economy.

Representative Bill Paxon, a New York Republican and Gingrich ally, recently dropped his support for renewal, citing concerns about human rights and China's arms sales to Iran and Pakistan and piracy of copyright material.

Mr. Clinton's administration has conceded that China still has a poor record on human rights but has contended that denying trade benefits will not help matters. The administration also maintains that a favorable trade status for China will help maintain stability in Hong Kong.

In recent months, a somewhat unlikely coalition has emerged in opposition to renewal of China's trade status. It unites human-rights activists, religious conservatives upset with China's birth-control policies and labor activists who oppose Chinese use of prison labor.

Reports of a possible Chinese connection to Democratic campaign fund-raising have added further uncertainty to the congressional debate.

That, along with continuing criticism of China's reportedly heavy-handed silencing of political dissent and rising criticism over oppression of religious minorities, will give this year's debate a new dimension and add uncertainty to the outcome, according to many observers.

Asked about the chances of passage, one analyst said: "Given all the variables at work, it's very difficult to say. But I'd be surprised if there were enough votes to overturn a veto, if it came to that."

EUROPE

Trudging Around Dublin to Seek Votes and Keep the Sky From Falling

By James F. Clarity
New York Times Service

SANDYMOUNT, Ireland — The ancient Celts, a brave and ferocious tribe that settled political differences with axes and bludgeons, are said in legend to have had only one fear: that the sky would fall on their heads. Frances Fitzgerald, a member of the Irish Parliament campaigning to hold her seat in the national election on June 6, knows the feeling.

As she urged voters to support her Saturday morning in this suburban village on the south edge of Dublin, she had no time to stroll on Sandymount Strand, described by James Joyce as "at the lacefringe of the tide." Not enough voters there, and Ms. Fitzgerald and her party, Fine Gael, are desperate for voters.

Polls show that if the election were held now, the coalition government headed by Prime Minister John Bruton of Fine Gael, cobbled together with the Labour and Democratic Left parties in 1994 after the previous government collapsed and never popularly elected, would lose.

The winners would be a coalition led by Fianna Fail, Ireland's largest party, headed by Bertie Ahern, and the fiscally conservative Progressive Democrats, headed by Mary Harney.

Ms. Fitzgerald's seat, including both upper-middle-class areas like Sandymount and depressed working-class areas like Ringsend, has long been considered safe for Fine Gael.

If the party lost here, it would be as if the political heavens had snuffed it.

"We have got to take this seat again," Ms. Fitzgerald said, as she began ringing doorbells, handing out leaflets and listening to voters talk about the main issues of the campaign: crime, taxes, the environment and peace and war in British-ruled Northern Ireland.

There are seven candidates for the four members of Parliament to be elected in the district.

"We have to run against everybody," she said. "The Greens are strong against us here."

Ms. Fitzgerald, 46, the former head of the National Women's Council, an independent umbrella organization, hopes that she will be helped by Ireland's highly complicated system of proportional representation, a process slightly clearer to most voters than the provisions of the Schleswig-Holstein accord.

Under PR, as it is called, voters indicate their preferences in numerical order, and parliamentary seats are given to any candidates whose first-place votes meet a quota of votes cast.

Seats that remain open after the first-round of ballot-counting are filled by transferring second-, third- or lower-place votes.

To make it clear that she needs first-place votes, Ms. Fitzgerald has her campaign workers wear bright-blue T-shirts lettered "Fitzgerald. No 1."

Fine Gael candidates 'have to run against everbody. The Greens are strong against us here.'

Suddenly, a huge bus covered with Labour Party signs arrived at the village green, bearing the Labour candidate, Finance Minister Ruairi Quinn, a coalition ally.

"Hi, Ruairi," shouted Ms. Fitzgerald.

"We'll save some transfers for you," he called back smiling, meaning that he would tell voters to vote for him in first place and for her in second or third.

Later, in her car, Ms. Fitzgerald said on a mobile phone to her headquarters: "Ruairi Quinn has a huge bus in Sandymount. We don't even have our posters up. And we've none up in Ranelagh or Ringsend. You've just got to get them up."

For Jane McCarthy, a 27-year-old computer salesman who lives in a neat brick house on Sandymount Castle Road, the prime issues are crime and education.

"Especially education," she added. "Some kids are totally disadvantaged, in families that have had no work for three generations." Ms. Fitzgerald said her coalition was using the revenue produced by the improved economy — which politicians call the Celtic Tiger — to establish 1,000 jobs a week.

A few doors away, Finola McCarthy, no relation to Jane, said: "I think John Bruton is doing O.K. And this government is doing well on the North.

"But it doesn't really matter which Irish government is in power. It all depends on Blair," the new British prime minister who, on Friday, offered a new chance to enter peace talks to Sinn Fein, the political wing of the Irish Republican Army.

Christine O'Neill, who grew up in Zurich, said she would vote for the Green Party and possibly give Ms. Fitzgerald a second or third preference vote.

Ms. O'Neill gestured in the direction of Dublin Bay.

"The dirt going into the sea is appalling," she said. "And people swim in it."

Joe Jeffers, 39, a biochemist, said his apartment building had been burglarized 10 times in the last three years by drug addicts arriving in Sandymount on trains of the Dublin Area Rapid Transit, or DART.

"They come in on the DART, burgle us, and go back on the DART," he said.

Ms. Fitzgerald added: "They come to grab handbags for drug money."

She said the government was providing more treatment facilities for drug addicts, that the waiting list for treatment was down to 2,000.

In Ringsend, the drab working-class area a few miles up the coast where there are pockets of long-term unemployment as high as 75 percent, a dozen people waited on Bridge Street for the No. 3 Bus to downtown Dublin. For many of them, the Celtic Tiger is as much use as a three-legged dog.

Joan Nolan said that one of her sons, after a long time on welfare, recently found a job as a maintenance worker for the equivalent of about $5 an hour.

But social welfare officials told him he would have to repay part of the public assistance he had been collecting.

"A tax on unemployment," she said. "There's nothing here for youth today."

Ms. Fitzgerald responded that her government, if re-elected, plans to eliminate taxes for thousands of low-income people.

Agnes and Willie Galvin, a retired couple in their 70s, said that the No. 3 bus came only once every 45 minutes. Ms. Fitzgerald said she had been fighting for better service.

Mr. Galvin was asked what he thought of the scandal surrounding recent disclosures that politicians from the major parties had been taking huge sums of money from Dunnes, the largest chain of department stores in the country.

He looked around him, as if he thought a party informer might be listening, smiled, and whispered: "Wouldn't they all be on the fiddle, now?"

Labour Reacts Quickly To Corruption Allegation

Party Orders Probe of Campaign Bribe Charge

By Warren Hoge
New York Times Service

LONDON — Faced with its first test of crisis management, Britain's Labour government reacted swiftly to charges that a newly elected member of Parliament may have tried to bribe three opposing candidates to withdraw from actively campaigning against him.

Aides to Tony Blair, the new prime minister, summoned the lawmaker, Mohammed Sarwar, from Glasgow to No. 10 Downing Street and announced after meeting with him that they were ordering an "immediate and rigorous" police investigation of the charges.

They sought to contrast their response to what they have called the dithering reaction of Mr. Blair's predecessor, John Major, to episodes of sex and money corruption that recurred during his years in office. Mr. Blair hammered Mr. Major repeatedly during the campaign for tolerating such episodes in public life.

"We made it clear before the election that we take such matters very seriously indeed," said Jack Straw, the home secretary, "and serious actions will follow if these allegations are found to be substantiated."

Alex Salmond, head of the Scottish Nationalist Party, which came in second against Mr. Sarwar, said, "In the last Parliament, Mr. Blair gave a strong line about financial sleaze because of Major's prevarication."

He said he expected "prompt and decisive" action, using the same words Mr. Blair did in attacking Mr. Major for not having dumped a Conservative candidate, Neil Hamilton, who was accused of taking payoffs in a case that dominated the early weeks of the national campaign in April.

The bribery claims produced the first cloud over the government, which has stirred its backers and silenced its potential critics with a display of energy and decision-making in its first 18 days in office.

Mr. Sarwar, a rags-to-riches Pakistani immigrant businessman, was accused of having paid Islam Badar, an Independent Labor candidate, £5,000 ($8,150) as compensation for having deliberately conducted a listless campaign. He was also accused of having offered Jamil Abbassi, an Independent Conservative, and Peter Paton, a Scottish Labor Unofficial candidate in the 10-man field, a total of more than £50,000 to pull out of the race.

Mr. Abbassi and Mr. Paton aired their allegations Monday. The first charge appeared in the News of the World Sunday tabloid. Mr. Sarwar denied all the accusations and said in Glasgow that he would sue the newspaper for libel.

Mr. Sarwar, 44, built up a multi-million-dollar wholesale grocery business from a modest corner shop and egg distributorship he started when he arrived in Scotland 20 years ago. The area he represents, Govan, has a large Asian population and he is the first Muslim to be elected to the British Parliament. In his swearing-in last Wednesday he substituted the Koran for the Bible.

"It's hard to know whether he has fallen foul of Labour's rhetoric or whether this is just a witch-hunt," said Simon Woolley, coordinator of Operation Black Vote, an organization that seeks to expand Afro-Caribbean and Asian voting.

These minorities make up 5.5 percent of the population but less than 3 percent of the electorate.

Mr. Sarwar has been dogged by controversy since he entered politics 10 years ago. "I know I am a man with many enemies," he said during the weekend.

In 1995, when he ran successfully for the local council, he was accused of financial irregularities, but a police inquiry cleared him. Last July, he lost his effort to be the parliamentary candidate for the new Govan district by one vote to Mike Watson, a former Labour member of Parliament from central Glasgow.

Mr. Sarwar convinced Labour leaders that 51 postal votes had been improperly excluded because of the ambiguity of Asian names, and a recount was held. He won by 82 votes.

During the selection process, Mr. Sarwar attracted national attention by going to Pakistan and bringing back to Glasgow two girls who he claimed were being forced into arranged marriages by their father.

In the May 1 election his winning margin was 2,914 votes over Nicola Sturgeon, the Scottish National Party candidate.

Ian Waldie/Reuters

OBJECTION — Gerry Adams, foreground, Sinn Fein's leader, and Martin McGuinness, right, its deputy leader, arriving Monday at the House of Commons to try to overturn a ban on parliamentary facilities after they refused to swear allegiance to the crown.

Catalonia Leader Gives Aznar Time

The Associated Press

MADRID — Looking to ease political tensions in Spain, the regional leader Jordi Pujol pledged Monday to continue supplying critical support for the conservative government until next year's deadline for determining who will join the planned European monetary union.

But he warned that after that, his coalition's position was uncertain.

"Until Jan. 1 or May 1, 1998, discipline must be maintained," said Mr. Pujol, leader of the Convergence and Union coalition in the Catalonia region of northeastern Spain. He was referring to the dates around which it will be decided which European Union members qualify for monetary union.

Mr. Pujol, who is also the president of the regional government in Catalonia, said that after the decision on monetary union was made, some arrangement for supporting the government would still be necessary. But he added that the current situation would be difficult to maintain "if there is no confidence or if things are things are done in a patchy manner."

Mr. Pujol's coalition provides 16 of the 20 seats that Prime Minister Jose Maria Aznar's Popular Party needs for a majority in Parliament.

Mr. Aznar and Mr. Pujol met Friday to discuss the causes of rising political tension in recent months. Mr. Pujol requested the meeting after allegations that an Aznar aide had used an authoritarian-style threat of jail against a media executive and accusations by the Socialist opposition that the government was blocking freedom of expression and free trade.

BRIEFLY

Sofia's New Chief Picks Team

SOFIA — The prime minister-designate, Ivan Kostov, who has pledged to undertake market reforms, presented his cabinet Monday to the Bulgarian president and outlined his economic program.

On Wednesday, Mr. Kostov will introduce his cabinet to the 240-seat Parliament. His two-party coalition, the United Democratic Forces, won 137 seats in the April 19 vote. Parliament is expected to vote Thursday on the cabinet.

Mr. Kostov has said his goals are to establish a currency board to restore financial discipline and reduce inflation. He also has pledged to fight organized crime and corruption, open secret police files, and pursue membership in the European Union and NATO. *(AP)*

A Chernobyl Reactor Mystery

KIEV — Officials at the Chernobyl nuclear-power plant were trying Monday to determine why a transformer had turned itself off without warning, shutting down the station's only working reactor.

An automatic safety system took the No. 3 reactor off line Sunday, when the transformer powering it shut off without warning. The transformer shut off 20 seconds after the completion of a procedure to rechannel electricity to the reactor, but a spokesman for the station said it was unclear why the transformer had stopped. *(AP)*

Space Station Unit Is Finished

MOSCOW — Russian engineers have finished building the first module of the Alpha space station, but its launch has been postponed because of delays in Russian funding for the project.

"The module has passed electric tests and is ready for launching," Sergei Shayevich, who leads the project at Khrunichev Co., Russia's leading space-rocket producer, said Monday. The module, financed by the U.S. space agency, NASA, is to be the core of the Alpha international space station. Called the Functional Energy Block, it will serve as the base for assembling the station in orbit. *(AP)*

Irish President for Rights Post?

UNITED NATIONS, New York — President Mary Robinson of Ireland has become the leading candidate for the position of UN high commissioner for human rights, diplomats and rights groups said.

The appointment of Mrs. Robinson, who appears to have strong U.S. support, would raise the stature of the office, which was created in 1993 despite criticism by nations opposed to the expansion of UN activities in this area. The first high commissioner for human rights, Jose Ayala Lasso, resigned in March to return to Ecuador as foreign minister. The UN secretary-general, Kofi Annan, has been urged to replace him with a more outspoken advocate. *(NYT)*

For the Record

An Islamist deputy quit Turkey's Welfare Party on Monday to join the main opposition party, which has submitted a censure motion against the Islamist-conservative coalition. The deputy, Mahmut Sonmez, did not give a reason for moving to the Motherland Party. *(AP)*

For EU, a Battle of North and South?

Spain's Protest Shows Potential for Rich-Poor Clashes Over Expansion

Reuters

BRUSSELS — A fight is looming between the European Union's rich north and its poorer members in the south about the budget needed to run the bloc as it expands eastward after the turn of the century.

Spain set the stage for months of budgetary wrangling last week by refusing to commit itself — so blocking the issue — on Europe's next major research program before it sees what overall resources will be available after 1999.

Spain fears that by then it will no longer receive as much as it does now in so-called structural funds — grants from the EU to help the poorest regions catch up with the rest.

That could happen because the Union's expected enlargement to Eastern Europe will place even greater demands on the funds, yet the richer countries will be anxious to keep their payments to the central EU coffers under control.

Negotiations on the Union's budget ceilings after 1999 will not start until later this year, but Spain decided Thursday that it was not too early to state its case.

An irate Hans Wijers, the Dutch economic affairs minister whose country currently holds the rotating EU presidency, said of Spain's decision to tie up the research program: "I don't think that is acceptable, quite frankly."

Mr. Wijers's anger seemed to reveal more than just the normal frustration after a sterile day-long debate.

In a 15-nation club with wide wealth imbalances, the Netherlands, home to the consumer-goods giants Philips and Unilever, has much more to gain from the bloc's research initiatives than its southern partners, which do not have industries with comparably large research and development departments.

"Research programs are the structural funds of the rich countries," a southern European diplomat said.

Structural funds represent about 30 percent of the EU's annual spending of more than 80 billion European currency units ($92 billion). Spain receives about 27 percent of the total, while Germany gets 23 percent, but it is Ireland that benefits the most when compared with its population.

Spain says its share is threatened by suggestions that the funds should be refocused to combat unemployment in big cities, not just to help regional development.

"It's all right to use money to fight unemployment," a Spanish diplomat said. "What is wrong is to think unemployment is concentrated in big cities, because then you help mainly the rich countries where the big cities are."

The EU has been struggling with high unemployment for about 10 years, partly because of industrial decline.

With 18.3 million people out of work, a large number of them in France and Germany, sentiment is growing that priorities should be shifted and scarce resources used where they are most needed.

Much anger has also been generated by companies that have closed operations in countries or regions not eligible for funds, only to reopen or expand facilities in subsidized areas. That was the case with Renault and the U.S. medical equipment company Boston Scientific, whose decisions to leave Belgium prompted accusations of unfair competition.

EU leaders agreed in the early 1990s to keep central spending below 1.3 percent of the bloc's gross domestic product until the end of the century.

The commission will present a proposal near the end of the year on the new budget ceiling, which must cater to the first wave of new EU members — possibly the Czech Republic, Hungary and Poland at the beginning of the century.

It will also include proposals to reform the structural funds. That is when the real fight is expected to begin.

9 Killed in Albania; Vlore Fears Revenge

Reuters

VLORE, Albania — The police said Monday that nine people had been killed in Albania in 24 hours and that tension remained high in the southern port of Vlore.

Near-anarchy following the collapse of investment funds has claimed more than 700 lives, many accidentally, since arsenals were looted in February and March. The new victims included a deputy gang leader, shot Monday.

CROSSWORD

ACROSS
1 Utters
5 Military plane acronym
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14 Wyoming neighbor
15 Striped critter
16 Hurting
17 State of financial independence
19 CAT ——
20 Singer Lopez
21 Kett of old comics
22 Little guitars
23 Singer Cara
25 Guard
27 It's a stitch!
29 Mint and sage
32 Stadium sounds
35 Basketball hoop *site, often*
39 Acorn, in 2020?
40 "Surfin' ——" (Beach Boys hit)
41 Gandhi's title
42 Ryan's "Love Story" co-star
43 Russian space station
44 Puzzle
45 4:1, e.g.
46 Mubarak's predecessor
48 Recipe direction
50 Some Broadway shows
54 Overhead shot
57 Last name in spydom
59 "There ought to be ——!"
61 Suggest itself (to)
63 Thrift shop stipulation
64 "The Birdcage" *co-star*
66 Possess
67 Whitney Houston's "All the Man That ——"
68 Verve
69 Parrots
70 Chooses actors
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DOWN
1 Winter bird food
2 Video arcade name
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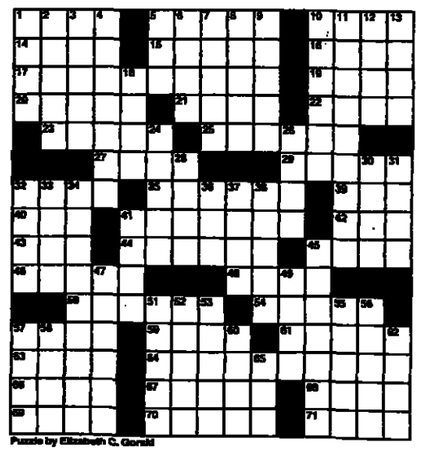
4 Wallflower's characteristic
5 Much-publicized drug
6 Existed
7 Helps in dirty deeds
8 *El Greco's* birthplace
9 Underworld figure
10 Guarantee
11 Ice cream parlor order
12 "Dies ——"
13 TV rooms
18 —— qua non
24 1991 Tony winner Daisy
26 "Take —— Train"
28 When repeated, a fish
30 Like a worn tire
31 T-bar sights
32 Jamaican exports
33 Pacific Rim region
34 Computer part
36 Joplin piece
37 24-hr. conveniences
38 Certain exams, for short
41 Prefix with physical
45 The Scriptures
47 Gets up
49 "—— Fire" (Springsteen hit)
51 Wired, so to speak
52 "The George & —— Show" (former talk show)
53 Fills up
55 Union rate
56 Chinese province
57 Joker's gibe
58 Rush job notation
60 *Stimulate*
62 Rip apart
65 Want ——

Harry's
Est. 1911, Paris
"Sank Roo Doe Noo"
A Space for Thought.



Puzzle by Elizabeth C. Gorski

© New York Times/Edited by Will Shortz.

Solution to Puzzle of May 19

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INTERNATIONAL

Despot or Democrat? Friends and Foes Illuminate the Faces of Kabila

By Cindy Shiner
Washington Post Service

KIGOMA, Tanzania — Friends of the victorious Zairian rebel leader, who recall his toil decades ago in the ranks of African revolutionaries, describe Laurent Kabila as a principled man of strong character.

But among the Bembe people of eastern Zaire — whom Mr. Kabila armed and lived with for nearly 20 years in his own fiefdom — there are those who contend that he is a brutal and greedy authoritarian who has about as much intention of bringing democracy to Zaire as did the vanquished Mobutu Sese Seko.

In numerous interviews in Zaire, Tanzania and Uganda, the picture of Mr. Kabila that emerges is of a man of several faces:

- His revolutionary roots reach to the 1950s, yet questions are invariably raised about how pivotal a player he was in Zaire's many upheavals.
- His political philosophy was unabashedly Marxist for several decades, yet he now espouses free markets and democracy for Zaire.
- He is accused of having been a heavy-handed authoritarian as the head of a political party and the leader of a small enclave, yet he has received high marks for dealing fairly with Zairians in the areas his troops have captured in the last seven months.

Born into the Luba tribe 56 years ago in the restive Katanga region — now called Shaba Province — Mr. Kabila jumped into politics when what was then the Belgian Congo gained independence. He was a youth leader in a party allied with Patrice Lumumba, who became the country's first prime minister in 1960. After Mr. Lumumba's overthrow and assassination, Mr. Kabila joined Mr. Lumumba's followers in an uprising against the country's government and its military leader, Marshal Mobutu.

Mr. Kabila participated in the Lumumbists' 1963-64 uprising at Stanleyville — now called Kisangani — where he was described as a second-echelon operative. Marshal Mobutu crushed the rebellion — mainly with the help of foreign mercenaries — and Mr. Kabila faded from view.

'He's shown himself to be a person of principle. He has a very strong character.'

He eventually emerged as the head of a Marxist organization, the People's Revolutionary Party, and established an enclave in the far eastern Kivu Province that encompassed the area around the towns of Fizi and Baraka. There, along the shores of Lake Tanganyika among the Bembe people, he lived and governed outside the rules of Marshal Mobutu's rigid state. A Zairian writer described him then as "a typical African warlord."

But while some Zairians hail him as their liberator, many Bembe interviewed here in this Tanzanian town — where they have come to escape the turmoil — resent the way he ruled them from 1964 until the early '80s through a system of power games and terror. A group has been formed of Mr. Kabila's opponents among the Bembe, called the Council of Resistance and National Liberation, and many Bembe hope it will topple Mr. Kabila.

"He's not a liberator. He's a dictator — worse than Mobutu," said a Bembe intellectual who requested anonymity.

In Kigoma, across Lake Tanganyika but within sight of the hills of Mr. Kabila's former enclave, numerous Bembe recalled how Mr. Kabila lived off their labor, exploiting their region's gold. Several people cited allegations that he used extreme tactics to cling to power, including having enemies and rivals burned at the stake. Their accounts, while consistent, could not be verified.

"It is the worst memory that the Bembe hold in their minds about Kabila — that he burned people alive," said a former ally of Mr. Kabila's who asked not to be identified.

But despite the allegations about Mr. Kabila's regime, people stayed with him. "The Bembe respected him a lot," said Lubunga Lwa Ngabo, spokesman for the Council of Resistance and National Liberation. "He was the chief. You have to respect him. You have to do what he says.

"We understood that it was within the scope of the revolution, and to make order you have to rule like that," Mr. Ngabo said.

In the capital of Tanzania, Dar es Salaam, where Mr. Kabila spent most of the last decade, his former neighbors said they suspected him of being an agent for the Tanzanian government because of his wealth and what they called duplicitous behavior. He has been known not only as Laurent Kabila, but as Raul Kabila, Mzee Mtwale, Collins Mtwale and Christopher Mtwale, according to Tanzanian newspaper reports.

But Mr. Kabila's friends depict him as a private man who stuck with his vision to oust Marshal Mobutu.

Several of his enemies cite allegations that he used extreme tactics to cling to power.

"He's shown himself to be a person of principle," said a politician friend in Kampala, the capital of Uganda. "He has a very strong character. Many people would have given up; many people would have degenerated and succumbed to bribes. There is also the other side where people can say, 'Oh, this is a very rigid man.'"

Mr. Kabila, however, did not need to seek the kind of bribes that Marshal Mobutu and his lieutenants routinely employed to co-opt opponents. He had his own thriving business selling gold mined in his region under the pretense of financing his struggle, some Bembe said. Mr. Kabila made enough money to keep two large homes in Dar es Salaam and another in Uganda.

In fact, some said they believed Marshal Mobutu allowed Mr. Kabila to go his own way because the president calculated that it was better to let him have a little gold than to expel him from Zaire and trigger retaliation.

But while the Bembe cited Mr. Kabila's assets as proof of thievery and extravagance, others said it was merely evidence of prudent behavior and sound business sense, qualities that could make Mr. Kabila the right man to head one of Africa's largest and potentially richest countries.

"He always took himself as a leader," the Ugandan politician said. "He didn't behave as a normal, ordinary person. He would have his own aide. He always had an organizational aspect about him, not personal. When he saw leaders of other political groups or governments, he saw them as a leader, not as an individual."

Mr. Kabila's reign in Bembe country was largely unremarkable. It is unclear just how his ministate came to an end. Some of those interviewed said the Bembe chased him out because he took the region's gold and gave nothing in return. Others said he simply gave up on his rebellion in the 1980s. Whatever the reason, he then spent most of his time in Tanzania but continued to sell gold extracted from eastern Zaire.

Ex-Elite Learns to Live With Rebels

By Howard W. French
New York Times Service

KINSHASA, Zaire — The defeated cream of Zaire's past and the confident crust of this country's future eyed each other warily Monday across patios and plushly upholstered hotel lounges.

Since the first delegation of Zaire's new governing alliance arrived here Saturday, this city's Intercontinental Hotel has — nervously at times — had to house them both.

There they were, the families of defeated generals, the mistresses and their children left behind by a fleeing elite, and bag men for the deposed dictator, Mobutu Sese Seko. At the next table, down the hall, or sometimes in the very next room, meanwhile, were the new commissars of a country whose leaders say they will have it called the Congo: a security chief, a "secretary for strategy," and scores of others of advance men for the new president, Laurent Kabila.

What first brought the two together were practical questions about things like money, security, and commerce. And what cut most of the tension in the air was the message given, however stemly, by Mr. Kabila's cadres that the fruit of the new Congo will make room for the remnants of the old Zaire.

"You don't have any choice: We are obliged to work together," said Babi Mayi, the official responsible for planning in Mr. Kabila's Alliance of Democratic Forces for the Liberation of the Congo.

"We are a forgiving government," he said, "and there will be no witch-hunts. Everyone will be able to work here."

Mr. Babi's comments, given in one of the hotel's glacially air-conditioned halls went over big with an assembled crowd of sober suited bankers and business people, and within minutes of the remarks, as word spread through the Intercontinental, one could almost feel the ice breaking among the guests.

"We have had heard that they were setting up a socialist economy," said one of Zaire's most powerful businessmen, an airline executive who refused to flee a takeover by the rebel alliance that began Saturday.

"We had heard they were going to set up popular tribunals," he added, "and that there would be firing squads. Many people told me I was foolish not to go, and now I can say they were foolish not to stay." International radio reports reaching here were passed on by word of mouth all day long and eagerly commented on by all. Marshal Mobutu remained Monday in Togo, seemingly unable to arrange the kind of quick and comfortable exile that many had expected him to take up in Morocco, or in a seemingly embarrassed France.

One radio report heard by a crowd said that the former president would be heading to Liechtenstein.

"Liechtenstein, huh," said Kamlin Mukanza, who laughed in mockery. "We'll have to search hard for that on a map. It is almost poetic: Africa's biggest dictator in one of the world's smallest countries."

Marshal Mobutu's 27-year-old son, Kongulu, remained stuck Monday in neighboring Congo, two days after he fled amid widespread suspicions of his involvement in a series of killings that coincided with his father's overthrow. Even Gabon, a neighboring African country ruled by a dictator who has been in power almost as long as Marshal Mobutu, reportedly refused him access.

Corinne Dufka/Reuters
A rebel walking Monday on confiscated weapons that belonged to the elite Presidential Guard.

Helping Africa Go the Way of Reforms

Q & A / J. Brian Atwood

The dramatic political events unfolding in Zaire have focused the world's attention on a continent that is often ignored. J. Brian Atwood, administrator of the U.S. Agency for International Development, is at the center of the Clinton administration's effort to use aid resources to promote economic reform throughout Africa. He discussed Washington's plan to press for a new Africa initiative at the coming Group of Seven summit meeting in Denver with Alan Friedman of the International Herald Tribune.

Q. When people think of Africa these days they think of the horrors of Rwanda's refugees or the turmoil in Zaire. What are U.S. aid priorities in Africa?

A. They are twofold: One is crisis prevention or crisis mitigation, and the other is to then take advantage of the tremendous opportunities that result from new African leadership, from new experiments with democracy and from better economic growth in some countries. We want to move countries like Zaire into a transition period and we want to promote economic reform.

Q. But what are you doing in the crisis region, in Rwanda and Burundi, for example?

A. We are trying to intervene and stop the cycle of civil conflict, drought and famine. We are trying to encourage a food security policy, with enhanced local production of food and more open trade. We are also providing Internet for foreign and development ministers so they can communicate more with each other.

Q. Looking beyond the immediate crises, what is the substance of the trade and investment initiative that Washington plans to launch at the next Group of Seven summit?

A. We are hoping to interest the rest of the industrial world in moving Africa into the global trading system. We are moving into an era of free trade, supported by the World Trade Organization, and we would like to see a concentrated effort at bringing African nations into that system. This is not a simple matter of saying "trade, not aid" but of providing aid that stimulates trade and investment.

Q. But most people think it could take 50 years before much of Africa truly emerges in economic and market terms. How much can be done realistically?

A. I don't doubt that it will take a generation to exploit the great potential of Africa. It took about that long in Asia and Latin America, and we are now seeing the benefits of investments made 30 years ago. Africa has seen an enormous increase in growth in recent years and yet Africa still attracts only 1.2 percent of $200 billion of annual global private investment.

With the opening of the South African economy, there should be more growth in the southern region, and then there are pockets of rapid growth in places such as Uganda, Ghana and Botswana. These are some of the fastest-growing economies in the world, with rates of 7 to 8 percent. Although they come from a low starting point, this is an indication of the potential. All of sub-Saharan Africa experienced a cumulative growth rate of 3.2 percent last year despite big economies like Zaire, Nigeria and Sudan producing negative growth.

Q. But specifically what do you have in mind at the U.S. and G-7 level?

A. We are doing a lot of work on economic reform, and the idea is to help governments to deregulate their economies. The major thrust of our G-7 initiative is to gain the cooperation of the International Monetary Fund, the World Bank, the African Development Bank and other financial institutions in order to invest resources at a time when African nations will be undergoing a certain amount of pain because of the reform process. It is a matter of the African nations accepting the need for reform, going through two or three years of pain as they deregulate, as they leave unprotected some of their internal productive capacity.

These are the same things we have been watching closely in Central Europe, and they cannot be avoided. The question is if the international community, in the spirit of the Marshall Plan, will come up with the resources needed for Africa.

Q. How much is your agency spending on Africa right now?

A. We are spending about $1.4 billion, half of it humanitarian assistance and the other half development assistance. That is out of a total AID budget of $6.6 billion.

Q. What else is the U.S. doing unilaterally for Africa right now?

A. We are hoping to open U.S. markets to more African imports, we are looking at creating more incentives for U.S. companies to invest in Africa by increasing risk insurance through the Overseas Private Investment Corp., and we are looking at providing greater debt relief for countries willing to embrace reform.

Q. Which are the best models in Africa today that are embracing reform?

A. I think Uganda and Botswana are probably the best. Uganda has been highly disciplined in its economic reform over the last five years. They have opened up their economy, they have created an enabling environment that gives investors confidence by working to establish a good banking system and having a government that doesn't intervene in the economy. They are encouraging the private sector. And they have doubled the percentage of foreign investment as a percentage of their gross national product, from 7 to 16 percent. Botswana, meanwhile, is a very stable democracy and very fast-growing.

WP

JOBS: *Plenty Out There for the Class of '97*

Continued from Page 1

consulting, which are hiring new graduates in computer science, computer information systems, computer engineering and electrical engineering. But accounting, business administration, economics, finance and marketing graduates are also in extraordinary demand.

"There shouldn't be a senior in America who wants a job that doesn't get one this year," said Jim Greeley, director of career services at Merrimack College in North Andover, Massachusetts.

The stories from campuses around the country are uniformly upbeat:

- At Lehigh University in Bethlehem, Pennsylvania, 366 companies conducted interviews on campus, compared with 292 at the same time last year. The number has doubled since 1992-93.
- At Rensselaer Polytechnic Institute in Troy, New York, more than 500 companies recruited, up almost 40 percent over last year.
- At Caldwell College in New Jersey, 20 recruiters visited the campus. Last year the college had one, United Parcel Service, offering mostly part-time positions.
- At the University of Michigan in Ann Arbor, the starting salaries of this year's MBA graduates at investment banking firms jumped to $75,000, from $61,000 last year.
- At Columbia University in Manhattan, companies that usually finish recruiting by January were still posting new jobs in May. Also showing up were some businesses that have not recruited in years: public relations, communications, advertising, city government and not-for-profit organizations.

"I've been here 30 years and without a doubt there's been more interviewing activity on campus, more job offers and more companies than I can ever remember," said C. Randall Powell, assistant dean and director of placement at the University of Indiana School of Business here. "In terms of getting a job, this is one of the premier years ever to have graduated from college."

For many liberal arts graduates, of course, the job prospects are not as glittering as for newly minted business graduates or MBAs.

And for some students, the upbeat mood is tempered by the ups and downs of the economy and the wave of layoffs in the early 1990s.

John Warneke, 23, who is going to work in sales for Ikon Office Solutions in Indianapolis, Indiana, at a starting salary of $30,000, was able to choose among four offers. But he remembers that when he was a junior in high school, his father was laid off from his job as a plant manager, and he keeps in mind that the work world will not always look so sunny.

"Fear drives you," Mr. Warneke said. "I'm motivated by the idea that nothing is secure, that you'd better produce or you could be gone. In fact, when I was talking with companies, I was always keeping in mind where they might be 5 or 10 years down the line. I think you've got to keep that fear, because it's when you get in a comfort zone, that you lose your competitive advantage."

NATO: *Is Alliance's South Flank Exposed?*

Continued from Page 1

commander of allied forces in Southern Europe is responsible for an area stretching from Gibraltar to the Caspian Sea. The zone encompasses two-thirds of all territory that NATO allies are sworn to protect — a much greater scope than the two other allied commands in the Central Europe and Atlantic regions.

"The next war could grow out of any number of explosive factors: economic difficulties, water shortages, religious fanaticism, immigration, you name it. There are many different forces of instability, and they all seem to be prevalent in the southern region," Admiral Lopez said.

"We won the Cold War by forward engagement across the line," he added. "We need the same approach in the south, although the threat is far more unpredictable. The lesson in preventing conflict is to be there early. If you can stop a war, it's a hell of a lot cheaper than fighting one."

But with tens of billions of dollars earmarked to bolster the military capabilities of new eastern members, some analysts say NATO countries may be devoting too many precious resources to the politically inspired goal of expansion while shortchanging investments in the south, where future military engagements are likely to occur.

Brigadier General Robert Glaeel, head of long-term defense planning at the alliance's headquarters in Mons, Belgium, acknowledged that NATO concentrates too many troops and equipment in the Central European region, where the old threat has vanished. Even if Russia wanted to resurrect a military challenge to the West, analysts say, it would take Moscow many years to rebuild its rapidly deteriorating forces.

Carl Bildt, the Swedish former prime minister who is responsible for supervising the civilian aspects of the Bosnian peace agreement, says the United States should reassess its "strategic reserve" concept, under which it keeps 84,000 troops in Germany, and consider moving most of these forces to the southern region.

"A lot of challenges and tensions are now down in southeastern Europe," Mr. Bildt said. "We have a fundamental interest in preventing conflict in this part of Europe. I think Europeans and Americans alike have learned that sparks here can have far wider consequences."

Clinton administration officials say they are confident that under NATO's new military doctrine emphasizing flexible, mobile fighting units, the allies can project sufficient firepower to cope with any foreseeable security challenges.

"Sometimes I wonder whether the alliance would find a consensus to take military action against an enemy who was blocking the Strait of Hormuz or the Suez Canal to choke off our vital oil supplies," a senior U.S. official said. "As NATO grows, it will become even more difficult to reach agreement on the gravity of any threat. That's why you are likely to see more coalitions of the willing, as in the Gulf War, rather than the one-for-all, all-for-one attitude we maintained against the Warsaw Pact."

For both the United States and Europe, many common strategic interests are at stake along NATO's southern flank. The Mediterranean region supports the world's busiest shipping lanes, which keep oil flowing and commercial goods moving among the Western economies. Any conflict in the region, whether triggered by territorial disputes, political revolutions or ethnic rivalries, would have serious consequences for the NATO allies.

"We can't be omnipresent, but we need to be in places where we have important political, economic and security interests," said Admiral Lopez.

BRIEFLY

63 Reported Killed In Burundi Camps

BUJUMBURA, Burundi — Sixty-three people were killed and 12 wounded when armed Rwandan Hutus attacked camps in two communes in Burundi's northwestern Cibitoke Province, the Burundi state radio said Monday.

There was no independent confirmation of the report.

More than 150,000 people have been killed in Burundi in massacres and civil war since 1993 when its first freely elected Hutu president was killed in an attempted coup by Tutsi troops. *(Reuters)*

Heavy Kurdish Toll

ANKARA — More than 100 people died in fighting over the weekend between rival Kurdish groups in a northern Iraqi city, and Iraqi opposition group said Monday.

A spokesman for the Iraqi National Congress said that fighters of the Iraqi Kurdistan Democratic Party, which is cooperating with a Turkish intervention force in nearby mountains, had overrun offices of the Turkish Kurdish Workers Party in the city of Arbil.

The spokesman said that fighting in Arbil, the Iraqi Kurdish capital, left 53 Kurdistan Democratic Party fighters dead, while 58 Kurdish Workers Party guerrillas had been killed. *(Reuters)*

Slayings in Algeria

ALGIERS — A 7-year-old girl, a 70-year-old man and two members of their family were tortured and killed on a farm south of Algiers by assailants who then burned their bodies, a newspaper said Monday.

The charred bodies of the victims — killed by sharp-edged weapons — were found among the burned ruins of their farm, outside the village of Sidi Moussa, 25 kilometers (15 miles) south of the capital, the daily Liberte reported.

The government did not confirm the reported killings and there was no immediate claim of responsibility for the attack.

But suspicion fell on Islamic militants, whose five-year insurgency has left more than 60,000 people dead around the country. *(AP)*

BIAS: *New Prohibitions Are Having a Swift Effect on the Number of Minority Students*

Continued from Page 1

cause public campuses there are the first sites under orders to dismantle affirmative action policies that have been in place for decades. Recent attempts in other states to enact similar bans have been blocked, but the issue has become one of the most contentious in higher education. Already, some universities are revamping admission policies and expanding minority outreach programs to try to maintain student diversity even if forced to stop using racial preferences.

In a study just released, The American Council on Education, which represents more than 1,300 colleges and universities, reports that even with affirmative action, minority enrollment on campuses nationally is not growing as much as it did earlier this decade. It grew less than 3 percent last year, compared with 7 percent in 1992.

Texas and California are in unique positions. In 1995, the University of California system's board of regents voted to drop race as a factor in admissions. The new policy takes effect with graduate students this autumn and with undergraduate students the following one. Last year, the 5th U.S. Court of Appeals, ruling in a case brought by a few white students denied who were entry to the University of Texas law school, barred public colleges in that state from considering the race of prospective students.

In the rest of the nation, public universities still adhere to a 1978 Supreme Court decision that allows them to use affirmative action in some circumstances in admissions and hiring. But campaigns to stop the use of racial preferences on campuses are growing nationwide.

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Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Chirac in China

For some time now, a debate has raged about the efficacy of linking trade and politics in relations with China. Some say you can use one to achieve results in the other; others argue that business is business and let's keep human rights out of it. An event in Beijing on Thursday should settle the matter: You can use trade to influence political relationships.

Unfortunately, the example at hand involves China's using trade to get its way, not the other way around. A month ago, France helped make sure that the United Nations Human Rights Commission wouldn't even discuss China's dismal human rights record, even as the other nations were considering and condemning the behavior of smaller and less powerful countries. Only a few nations — notably, Denmark — dared stand up to China; Chinese officials responded by likening Denmark to a little bird whose head would get smashed by a rock. On Thursday, President Jacques Chirac of France was in Beijing, where he marked a $1.5 billion Chinese purchase of Airbus Industrie planes. "On the subject of arms sales to Taiwan and human rights, China notes France has made a wise decision," President Jiang Zemin said, according to a spokesman. Of course, there's no need for Americans to get too high and mighty about such French behavior. America, too, has made its opportunistic deals.

Nevertheless, we were reading about Mr. Chirac's salute to China — which "will be one of the top nations of the world," and which "must be one of our main partners" — at the same time we happened to be reading about Wei Jingsheng. Mr. Wei is a brave dissident, one of thousands in Chinese jails for peacefully expressing views unacceptable to President Jiang and his comrades. He spent 14 years in the Chinese gulag, was briefly released when Beijing was trying to become host of the Olympic games and then promptly thrown back in jail once the games were awarded elsewhere. Mr. Wei's contention, when he was permitted to express it, was that China would never be a truly great country — a "top nation" — until it became democratic. He is nearer the truth than Mr. Chirac.

— THE WASHINGTON POST.

Suffering From Deception: Secrecy's High Cost

By George F. Kennan

PRINCETON, New Jersey — It is my conviction, based on some 70 years of experience, first as a government official and then in the past 45 years as a historian, that the need by the U.S. government for secret intelligence about affairs elsewhere in the world has been vastly overrated.

I would say that something upward of 95 percent of what we Americans need to know could be very well obtained by the careful and competent study of perfectly legitimate sources of information open and available to us in the rich library and archival holdings of the United States. Much of the remainder, if it could not be found here (and there is very little of it that could not), could easily be nonsecretively elicited from similar sources abroad.

In Russia, in Stalin's time and partly thereafter, the almost psychotic preoccupation of the Communist regime with secrecy appeared to many, not unnaturally, to place a special premium on efforts to penetrate that curtain by secretive methods of our own. This led, of course, to the creation here of a vast bureaucracy dedicated to this particular purpose; and this latter, after the fashion of all great bureaucratic structures, has endured to this day long after most of the reasons for it have disappeared.

Even in the Soviet time, much of it was superfluous. A lot of what we went to such elaborate and dangerous means to obtain secretly would have been here for the having, given the requisite quiet and scholarly analysis of what already lay before us.

The attempt to elicit information by secret means has another very serious negative effect that is seldom noted. The development of clandestine sources in another country involves, of course, the placing and exploitation of secret agents in that country. This naturally incites the mounting of a substantial effort of counterintelligence on the part of the respective country's government.

This, in turn, causes us to respond with an equally vigorous effort of counterintelligence in order to maintain the integrity of our espionage effort.

This competition in counterintelligence efforts tends to grow into dimensions that wholly overshadow the original effort of positive intelligence procurement that gave rise to it in the first place. It takes on aspects which cause it to be viewed as a game, played in its own rights.

Unfortunately, it is a game requiring such lurid and dramatic character that it dominates the attention both of those who practice it and of those in the press who exploit it. Such is the fascination it exerts that it tends wholly to obscure, even for the general public, the original reasons for it.

It would be interesting to know what proportion of the energies and expenses and bureaucratic involvement of the CIA is addressed to this consuming competition, and whether one ever stacks this up against the value of its almost forgotten original purposes.

Do people ever reflect, one wonders, that the best way to protect against the penetration of one's secrets by others is to have the minimum of secrets to conceal?

One more point. At the bottom of the whole great effort of secret military intelligence, which has played so nefarious a part in the entire history of great-power relationships in this passing century, there has usually lain the assumption by each party that if it did not engage to the limit in that exercise, the other party, working in secret, might develop a weapon so devastating that it could confront all others with the demand that they submit to its will "or else."

But this sort of anxiety is now greatly outdated. The nuclear competition has taught us that the more terrible the weapons available, the more suicidal becomes any conceivable actual use of them. With the recognition of the implications of this simple fact would go a large part of the motivation for our frantic efforts of secret intelligence.

In this respect, too, this is really a new age. It is time we recognized it and drew the inescapable conclusions.

There may still be areas, very small areas really, in which there is a real need to penetrate someone else's curtain of secrecy. All right — but then, please, without the erection of false pretenses and elaborate efforts to deceive, and without, to the extent possible, the attempt to maintain "spies" on the adversary's territory.

We easily become, ourselves, the sufferers from these methods of deception. For they inculcate in their authors, as well as their intended victims, unlimited cynicism, causing them to lose all realistic understanding of the interrelationship, in what they are doing, of ends and means.

The writer, a former ambassador to the Soviet Union, is professor emeritus of historical studies at the Institute for Advanced Study. He contributed this comment to The New York Times.

Welfare and Work

President Bill Clinton was right to order that welfare recipients put to work under the terms of last year's welfare bill be paid the minimum wage. The objecting governors and other critics are likewise right when they say that his decision will throw the bill even further out of whack than it already was. What the president basically proved in doing the right thing on the wage was how great a mistake he made in caving in to election-year pressures, some of them of his own making, and signing the bill to begin with.

The problem with the welfare part of this legislation — as distinct from the gratuitous cuts that it also imposed in other programs for the poor — is the mismatch that exists between its commands and the resources it provides to carry them out. The basic command is that welfare recipients work, but that's not something that can be achieved by a snap of the fingers or the waving of a wand or it would have happened long ago. A lot of welfare recipients aren't capable of holding down jobs without an enormous amount of support. Nor, in many cases, are there jobs enough in the private sector to accommodate them even if they could hold them down.

The cost to the states of putting to work as many recipients as the bill requires was already going to be greater over time than the fixed funding in the bill. The minimum wage decision will only add to the cost; hence the squawk from the governors. But it's not the decision that was wrong. Welfare recipients put to work are no less entitled to the protections of the wage and hour laws than other workers. To pay them less would also be to undercut the wages of other workers with whom they will now compete for low-paying jobs. That was a major part of the argument organized labor used in pushing for the order. Wages in that part of the economy are already too low to support a family, and income inequality in the country generally is too great.

The law requires that increasing percentages of welfare recipients work each year. States that fail to meet the targets risk loss of some of their federal funds. The number of hours a recipient must work to qualify also increases. Twenty hours a week will be enough at first, but eventually that will rise to 30. For now, the way the president's order is written, most states will be able to put recipients to work themselves, or pay private employers to do so, for about the amount of a monthly welfare check. But over time that will cease to be true; a welfare check that will pay for 20 hours at the minimum wage won't cover 30.

The state will have to come up with the difference. Or it will have to start lopping people off the rolls for other reasons. The bill gives states power to do that, too, and that's what welfare advocacy groups fear may happen in states whose low benefits won't cover all the hours the bill requires.

Back to the mismatch: The bill requires more than it pays for. As with the other flaws in this misbegotten legislation, sooner or later this one needs to be fixed, or a lot of vulnerable people including children badly in need of help are going to end up harmed instead.

— THE WASHINGTON POST.

China's 'Immigration Card' Is a Potent Psychological Weapon

By Paul J. Smith

HONOLULU — The recent meeting between President Jiang Zemin of China and President Boris Yeltsin of Russia heralded a new "strategic partnership" between the two nations. Yet only a few days after Mr. Jiang's visit to Moscow, officials from Russia's Interior Ministry reiterated that the growing influx of illegal Chinese immigrants into Russia was a threat to national security.

Although the announcement appeared to be diplomatically ill-timed, it clearly reflected a fear that runs deep throughout Russian society and, indeed, throughout much of East Asia.

As China's population increases by about 13 million per year — in contrast to the continued demographic decline of ethnic Russians — many security and immigration specialists in Russia are warning of the political and social implications of illegal Chinese entry into their country, particularly into sparsely inhabited regions of the Russian Far East.

Russia first characterized Chinese immigration as a national security threat in 1995, when then-Defense Minister Pavel Grachev warned that "people of Chinese nationality are trying to peacefully conquer the Russian Far East." Since then, Russian warnings of Chinese illegal immigration have sounded increasingly dire and ominous.

For Chinese leaders, illegal Chinese immigration to Russia and elsewhere reflects a much larger problem: As the scale of illegal migration and human smuggling from China grows, it is becoming a political priority in China's foreign policy. The issue is complicating the country's relations with its neighbors and trading partners.

Since the mid-1980s, tens of thousands of Chinese nationals have immigrated illegally to such places as Japan, Taiwan, Australia, Western Europe and North America. With human smugglers organizing much of this traffic, many receiving nations fear that the tide brings with it organized crime and violence.

Perhaps no country is more sensitive about both crime and Chinese immigration than Japan. Responding to an unprecedented influx of clandestine Chinese arrivals in the first three months of 1997, Japan called for high-level diplomatic talks in the hope of convincing Beijing to halt illegal immigration. Beijing agreed to help and subsequently launched several campaigns to stop the flow. Yet Japanese officials admit privately that the problem is far from solved.

Many other neighbors of China are feeling the brunt of illegal Chinese immigration. South Korea, like Japan, is also alarmed by a recent increase in the smuggling of Chinese into its territory. Cambodian officials are concerned at growing evidence that their country has become a staging post for smuggling Chinese to other nations.

But the threat of Chinese immigrants and refugees is not just a liability for Beijing. It can also be an asset.

As China's ruling Communist Party seeks to maintain and strengthen its legitimacy in the post-Deng era, it may find that the "immigration card" almost guarantees it political support from many other countries. This is because of a prevailing belief in East Asia that any economic crisis in China or open divisions within the Communist leadership will almost inevitably lead to an exodus of millions of refugees. As a result, the threat of Chinese migration has become a kind of political insurance policy for Beijing.

Moreover, the migration card can also influence Western countries that insist on bringing China to book for its human rights record. In 1994, Lee Kuan Yew, Singapore's senior minister, warned that continued Western pressure on China about human rights could lead to a breakdown in order that might drive tens of millions of Chinese to seek refuge overseas.

Fear of such an exodus may help to explain why U.S. criticisms of China over human rights abuses, while vociferous, have rarely been backed by serious economic sanctions. The United States has consistently refused to deny most-favored-nation, or MFN, trading status for China.

But there are other considerations: Some U.S. officials are afraid that revoking China's MFN trade privileges might harm their efforts to enlist Beijing in the fight against illegal Chinese migration and human smuggling. Some also believe that economic sanctions might eventually worsen unemployment in China, undermining social stability and unleashing even larger waves of migration, both internal and external.

Immigration concerns are increasingly influencing the way in which the United States and other countries deal with China. As China's population growth continues to surge, the power of Beijing's immigration card is likely to grow dramatically.

Chinese leaders may have discovered that they possess a weapon more psychologically potent than all of their recently purchased fighter planes, warships, submarines and missiles put together.

The writer, editor of the forthcoming book "Human Smuggling: Chinese Migrant Trafficking and the Challenge to America's Immigration Tradition," is an adjunct fellow with Pacific ForumCSIS, a research institute affiliated with the Center for Strategic and International Studies. He contributed this comment to the Herald Tribune.

Because It's There

Mount Everest is an entity that accumulates numbers, but which numbers can scarcely appraise. Its peak lies 29,028 feet above sea level on the border of Tibet and Nepal — the highest spot on earth.

The first ascent took place 44 years ago this month. Since then, according to Jon Krakauer's new book, "Into Thin Air," Everest has been climbed more than 630 times. Since 1921, when the first British expedition reached the base of the mountain, 150 climbers have died on its slopes, including the five who have died so far this season.

The top of Everest is high enough to penetrate the jet stream, and the summit can be gained only when the jet stream has been diverted northward, during a rare interval of good weather before the summer monsoon blows in from the Bay of Bengal. What kills climbers is almost never the technical difficulty of the most familiar route, which is not extreme. It is the weather — abruptly, unexpectedly fouling the mountain, as it did last year, when eight climbers died in the aftermath of a sudden storm.

What climbers describe when they talk about surmounting Everest always sounds like a kind of high-altitude spelunking in a cave of dimming consciousness.

After several days spent above 20,000 feet, climbers are dehydrated, sleeping badly and barely able to eat. They usually climb with the aid of supplemental oxygen — the alternative for most climbers is hypoxia and imminent death — and each step carries a price in fatigue that is almost unimaginable.

Even with extra oxygen, the mind's ability to function is profoundly impaired. George Mallory, who died on Everest, had said that he wanted to climb it because it was there. But climbers who have reached the summit report that there is no there there — only exhaustion and the numbness of one's attenuated presence.

So why go? The early British expeditions carried with them a sense of national honor of the kind that Robert Falcon Scott bore to Antarctica, where he died. But even on those expeditions, public and private motives mixed.

Wilfrid Noyce belonged to the successful 1953 assault in which the New Zealander Sir Edmund Hillary and Tenzing Norgay, the Sherpa guide, reached the summit, an event heralded worldwide as a broadly human achievement. But the conquest of Everest, Mr. Noyce wrote in his account of the expedition, "suggests to me nothing but the conquest of rebellious bits of myself."

It is hard not to wonder where the honor lies in being the 640th or 650th person to climb Everest on a day in May when a long line of climbers is moving toward the top. But one of the reasons for trying to scale this peak is surely the same as it ever was: to climb beyond all help and see what remains of yourself when, despite the proximity of so many other climbers, there is only solitude.

— THE NEW YORK TIMES.

NATO Expansion, or the Whitewater of Clinton Foreign Policy

By Thomas L. Friedman

WASHINGTON — Does Ken Starr do diplomacy?

I ask because it's now clear that NATO expansion is the Whitewater of the Clinton foreign policy. Like Whitewater, NATO expansion began with a poorly financed, poorly conceived real estate deal, sold to President Bill Clinton by fast-talking policy hucksters. Poland, Hungary and the Czech Republic, he was told, would be brought into NATO, it would cost him (and America) virtually nothing and when the deal was over President Clinton's place in history would be elevated, NATO would be stronger, Europe more secure and Russia more pliable.

The president thought about NATO expansion about as long as he thought about Whitewater, plunked down his money and has been paying ever since.

As the president began to discover the real costs of his NATO land deal, instead of walking away, he adopted the Whitewater strategy: Try to cover up the costs with dubious Rube Goldberg diplomatic contraptions and tell everyone something a little bit different. Like Whitewater, the cover-up is worse than the original deal, and the ultimate costs far greater than if he had just walked away.

The latest chapter in this saga is the NATO-Russia charter completed last week. It provides us with the worst of all worlds: The Kremlin, trying to make the best of having NATO forced on it, is proclaiming that the charter gives Russia implicit veto power over future NATO decisions. Or as Boris Yeltsin explained: "Just as the document says, decisions are to be made only by consensus. If Russia is against any decision, this decision does not go through."

Clinton officials say the charter gives Russia no such veto.

Russian parliamentarians, hearing this, say if that's how we're being treated, we won't ratify the START-2 treaty, which slashes the number of Russian nuclear missiles aimed at America. Meanwhile, Central Europeans, hearing Mr. Yeltsin's interpretation, feel as if Russia is getting into NATO before they are. So the influential Polish paper, Rzeczpospolita, complained last week: "Moscow will get a say practically equal to that of NATO members. Will it not limit the cohesion of the alliance?"

In other words, to make NATO expansion acceptable, the Clintonites are telling the Russians they will have a voice but no veto, while the Russians are telling themselves they will have a voice and a veto. The Clintonites are telling themselves that NATO expansion is not anti-Russian, just an effort to stabilize Central Europe, while the Poles and Czechs are complaining that the only reason they want to be in NATO is because it is anti-Russian and now the United States is letting Russia in first and diluting the alliance. The Clintonites are telling the Baltics they will join NATO soon, while the Russians have told the United States and Germany that Moscow is only agreeing to the charter on the assumption that the Balts (and any former Soviet republics) will never be in NATO.

NATO's skillful chief, Javier Solana Madariaga, has done a masterful job juggling these contradictions. It's a shame the Clintonites never let him explore the real alternative to expansion: Keep NATO at its current 16 democracies, focused on NATO's primary role — to deter nuclear war in Europe. Then use the Partnership for Peace, which contains virtually every country in Europe not already in NATO (including Russia), as a junior NATO. The Partnership would be the collective security system that fills the void in Central Europe, resolves disputes and provides troops for NATO-led peacekeeping.

Finally, you have NATO work with Russia to stabilize conflicts along Russia's frontiers and you focus U.S. diplomacy on doing everything possible to help Russia ratify START-2. This way, NATO's core would remain solid, Europe would have a stable security structure without being redivided or alienating Russia and our real priority, getting rid of Russia's heavy nukes, would be in reach.

Instead, the Clintonites, looking to make a fast political buck (Polish-American votes in '96), chose NATO expansion. As a result, they have diluted NATO, devalued the Partnership and created a permanent source of friction with Russia. One bad real estate decision — a lifetime of regrets.

I suspect before this is over Bill Clinton and the American people will feel about NATO expansion much the way they feel about James McDougal and that miserable plot of land called Whitewater. They will wish they'd never heard of it.

The New York Times.

The Crucial U.S. Role in Bosnia

By Lee H. Hamilton

WASHINGTON — The United States wants no part of a quagmire in Bosnia. Clinton administration officials have proclaimed loud and clear that they expect U.S. troops to leave Bosnia on schedule, at the end of the current mandate in mid-1998. This is also the view in Congress. In fact, some in Congress have proposed cutting off funding for U.S. troops in Bosnia beyond Sept. 30. Though unlikely to pass, this idea creates additional pressure to leave Bosnia early next year.

This is the wrong signal to send at the wrong time. Establishing a sustainable peace in Bosnia will take a long time — not simply 15 more months. Putting a date on a U.S. withdrawal just plays into the hands of hard-line opponents of peace, who believe they have only to wait us out before resuming the war. If we Americans have any hope of achieving our objective — a unified Bosnia — we should not rule out staying beyond next June as part of a new, smaller NATO force, although preferably not with ground troops. At the very least, the administration should tone down its rhetoric and dampen expectations of a quick pullout.

While Bosnia may be off the front page, America has become the central player in the peace effort. U.S. officials hold most of the key positions in the peace implementation process. We are leading the effort to sort out the stalemate in the pivotal city of Brcko. We are the driving force behind the organization of local elections, scheduled for September. We are the most visible presence in Sarajevo. We are the lead advocate of the Muslim-Croat federation on whose behalf we are carrying out a congressionally mandated, half-billion-dollar effort to train and equip its armed forces.

By most accounts, America is the only party in the region respected by all three sides, and therefore the key to stability. The Europeans cannot and will not do the job themselves.

Yet the task is far from finished. There is a general consensus that reconstruction in Bosnia will be a long-term process. For example, significant numbers of refugees will not return to "ethnically cleansed" areas before the end of the current NATO mandate. Local officials to be elected in September will by early 1998 just be starting to return to govern areas from which they were forced out in 1992.

It is incomprehensible to our allies and to the people of Bosnia that with these key tasks unfinished, and with most key decisions in U.S. hands, the United States would leave next year. Yet that is U.S. policy, and it is creating unrealistic pressure to show as much progress as possible by mid-1998. It also has created tensions with our allies, who take a long-term and more realistic approach to the problems of implementing the Dayton agreement.

If we are serious about getting our troops out in mid-1998, then we should scale back our political involvement and lower our expectations. This means accepting, at best, a drift toward partition of Bosnia, and, at worst, a possible resumption of war.

But if the Clinton administration does not want partition or war, it should change its exit strategy. We need to consider scenarios for a post-1998 U.S. presence that would be acceptable to U.S. allies, who do not want to stay behind in Bosnia if America leaves. This could mean a limited, continued U.S. participation. America could continue to provide logistical and intelligence support in Bosnia and maintain a backup, rapid-reaction force in Hungary.

The writer, the ranking Democrat on the House International Relations Committee, contributed this comment to the Los Angeles Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Social Climbers

PARIS — Much interest is taken here in the forthcoming mountaineering expedition of King Humbert's nephew, the Duke of Abruzzi. His Royal Highness starts on Saturday next [May 22] from Liverpool for Alaska, with the object of attempting the ascent of Mount St. Elias and Mount Logan, the summits of which have never yet been reached. The former is 18,023 feet in height, while Logan has an altitude of 19,500 feet. On reaching New York, the prince will go at once to San Francisco, so as to catch the steamer to Sitka, the capital of Alaska.

1922: Trotsky Speech

WARSAW — In a speech to candidates for the Communist military school, Trotsky has delivered a violent attack against the Genoa conference. The Soviet War Commissar said: "I do not believe in the conference of Genoa. Place your confidence in your bayonets. We have no need of conferences. We shall not have what we need until the Red Army crosses the frontiers of the capitalist countries, until the red flag floats throughout Europe. It is possible that in the course of this summer the Red Army will be called upon to prove its power."

1947: A Groom at 94

BAKERSFIELD, California — Lawriston G. Berdrew, a ninety-four-year-old bridegroom, explained that the secret of constant youth inspired him to take a new bride, Mrs. Jennie Grant, seventy-four, whom he met for the first time on Thursday [May 15]. "You've got to learn to live today as though you expected to live for ever," the Spanish-American War veteran advised.

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OPINION/LETTERS

'Nazi Gold' Pact of 1946 Was Badly Implemented

By Seymour J. Rubin

WASHINGTON — The U.S. government report on efforts after World War II to reclaim German assets in neutral countries and looted gold has raised questions not only about the Swiss, but also about the Allies.

Specifically, did the Washington Agreement of May 1946, which liquidated German economic power in Switzerland and applied the proceeds to reparations, let the Swiss off easy? Should the U.S. delegation, of which I was deputy head, have held out for better?

The three Allies at the negotiating table had similar but not identical interests.

The British were desperate to rebuild their battered economy, and would not even consider extending the list of economic sanctions on the affluent Swiss. The French were eager to restore a portion of their lost gold reserves. We Americans faced a clamor from business and Congress to eliminate wartime economic and financial controls, including our principal instruments of pressure on the Swiss — the asset-freezing controls and black list.

The option of getting better terms by imposing or threatening new sanctions on the Swiss was not available. Nor could it be overlooked that the Allies were making new law. For example, we defined gold taken from central banks as "loot," while others considered it a legitimate act of an occupying power. That law was the very foundation of our claim to German assets in Switzerland.

The accord, though known then and now to be less than perfect, was a good one, and should have been accepted as it was. The fault lies not with the accord, but with its implementation.

The current charges suggest a split between hard-line Treasury and soft-headed State. No such split existed. As the U.S. government report indicates, Randolph Paul, head of delegation, and I consulted at length with Senator Harley Kilgore, chairman of the war mobilization subcommittee.

Mr. Kilgore said he felt the "security aspects of the agreement," namely the elimination of German economic power in Switzerland, were "the more important." He said the accord "had done as well as could be done with response to the problem of security."

The fact is that the report, in casting doubt on the accord and its negotiation, detracts from the more important findings: a woeful, if not willful, lack of cooperation in Swiss implementation.

The Swiss banks destroyed the right of heirs and survivors to claim their property, by raising a series of obstacles. Claimants were required to produce death certificates from the concentration camps. Claimants were required to produce proof of inheritance, which was often destroyed and usually lost. Claimants were denied assistance in locating deposits made by parents who had whispered information to them on their way to the gas chambers.

The accord clearly contemplated that assets of "Germans in Germany" would be liquidated for reparation purposes. Jews, who had been stripped of their rights as German citizens, were exempted. The Swiss, and others, argued that it would be discriminatory to exempt the property of a German Jew just because his last address had been Bergen-Belsen.

The sad tale goes on. The "sympathetic consideration" promised with respect to heirless assets — dormant accounts — did not materialize, although after years of bounding by the American Legation in Bern and by Jewish organizations, a sum of $32 million was discovered in such accounts, the existence of which had been previously denied. Though heirless assets were allegedly untraceable for the Jewish successor organizations, they became traceable when the Swiss were concluding a trade arrangement with Poland.

It is difficult to understand what happened to the Washington Accord. It is unpleasant to know now, on the basis of recent Swiss disclosures, that Walter Stucki, the Swiss negotiator, expressed anti-Semitic sentiments to his delegation. Even less pleasant is to reflect that he was for years in charge of implementation of the accord.

The writer was deputy head of the U.S. delegation at the Allied-Swiss negotiations of 1946. He contributed this comment to The Washington Post.

LETTERS TO THE EDITOR

NATO Enlargement

Regarding "Expand NATO? The Senate Should Just Say No" (Opinion, April 29) by Thomas L. Friedman:

The expansion of NATO in Central Europe is a well-considered and correct policy. NATO enlargement was not, as Mr. Friedman said, "driven largely by a Clinton desire to attract East European ethnic votes in the '96 election." Rather, it is a policy that has been discussed at length since at least 1993.

Both the Republicans and the Democrats have repeatedly shown their support for extending NATO. Millions of Americans, whatever their heritage, share the same position.

It is in the best interest of the United States to rescue Europe from its present security vacuum. The last time America failed to do this, the result was the Cold War. Before that, the Western powers' neglect of Central Europe's legitimate security concerns paved the way to World War II. Expanding NATO is our insurance policy against such disasters.

BETTY JOHNSON.
Bucharest.

It is a matter of opinion whether the world is safe. It is never too late to correct Yalta and the prevailing U.S. foreign policy at the time, which placed Poland, Hungary and Czechoslovakia within the sphere of interest of the USSR, thereby condemning them to communism for 50 years.

It would be a grave mistake now, when there is the opportunity, to let down these democracies in Central Europe in their quest to establish long-term security within the family of NATO. Not only are these countries geographically, historically and culturally allied with Western Europe, but also U.S. promises were central in their efforts to endure the many economic sacrifices imposed upon them as a result of the transition to democracy.

JULIAN THOMKA-GAZDIK.
Geneva.

The question we ought to ask ourselves: Does NATO expansion make the world more secure for our children and grandchildren? My answer is a resounding "no."

For deep historical reasons, NATO expansion toward the Russian border is perceived by Russians as a threat. It will make the effort to dismantle Russia's nuclear arsenal almost impossible. Above all, it will weaken the fledgling democracy there and give more arguments to anti-Western forces.

ALEXANDRE BLUMSTEIN.
Chelmsford, Maine.

Deep Blue Is Just a Tool

Regarding "No Computer Can Write a Column Like This" (Opinion, May 14) by Richard Cohen:

The point that has been universally missed about the chess games between Garry Kasparov and Deep Blue is that Mr. Kasparov has not been playing a computer at all. He has been playing a team of people — the people who wrote Deep Blue's program. The cleverness of the program that the team has written has escaped notice.

One thing must be made clear: The computer is only the enabler of the team's ideas. A car designer cannot travel at 100 miles an hour without the car, but it is nevertheless the designer who does the thinking.

NORMAN SANDERS.
Ipswich, England.

I find the man-against-machine debate since Deep Blue's victory over Mr. Kasparov to be completely irrelevant. The computer is only a tool, not unlike a hammer or a screwdriver.

The Kasparov-Deep Blue event was not a man-against-machine contest, but a match between the best human player and players of lesser stature with an additional tool.

VICTOR N. OSCODAR.
Anglet, France.

Interrogation Methods In Israel Are Justified

By Stephen Flatow

WEST ORANGE, New Jersey — On Aug. 21, 1995, Sufiyan Jabarin, a 26-year-old Palestinian member of the terrorist organization Hamas, blew himself up on a bus in the heart of Jerusalem, taking the lives of four people — three Israelis and an American — with him.

I followed the story of the bombing on Bus 26 quite closely; my 20-year-old daughter, Alisa,

MEANWHILE

had been killed by an Islamic Jihad suicide bomber on a bus in Israel four months earlier.

A few days after the Aug. 21 attack, Israeli and American newspapers reported that the man who masterminded it, Abdel Nasser Issa, had been in Israeli custody two days before the bombing.

Israeli authorities had arrested Mr. Issa on suspicion of terrorist activity, and had questioned him the same way they would have questioned anyone else: posing questions and waiting for answers.

Mr. Issa revealed nothing unusual to his interviewers. It was only after the bus bombing that Karmi Gilon, then chief of the Israeli internal secret service, the Shin Bet, authorized the use of "moderate physical force."

The next morning, Mr. Issa, who was still in custody and had not been told of the bombing of Bus 26 the day before, told the Israelis about his plan for that attack.

He also provided information that led to the arrests of 37 Hamas militants who had been planning additional bombings.

Mr. Gilon told reporters that the blood of the next victims of terrorism would have been on his hands if physical pressure had not been used in the interrogation of Mr. Issa. Yitzhak Rabin, then prime minister of Israel, said that had the Shin Bet applied such pressure earlier, the attack on Bus 26 might have been prevented.

In the last two years, the Shin Bet has averted 90 planned terrorist attacks.

Yet the United Nations Committee Against Torture last week condemned Israel's methods of questioning suspected terrorists as torture, even though Israel limits and regulates the use of force and allows detainees to petition the highest court to stop possibly illegal measures.

Critics say Israel has flouted a UN convention it ratified in 1991 barring the use of torture. But Israeli officials note that there is a difference between torture and moderate physical pressure, which can include shaking detainees, using painful restraints and depriving them of sleep.

I have always cherished America's unparalleled standards of individual and human rights. But the Middle East is different from the United States.

Israel lives in what Prime Minister Benjamin Netanyahu has called "a very tough neighborhood." Indeed, more than 200 Israelis have been killed in terrorist attacks during the past four years.

The most important obligation of any country is protecting the lives of its citizens.

To hold individual human rights as an absolute rule when occasional exceptions to that rule can prevent the random murder of civilians seems to me morally unjustifiable.

Moreover, Israel's use of limited physical pressure during interrogations, a practice that is regulated and regularly reviewed, cannot be compared with the uncontrolled torture of suspects employed by some of Israel's neighbors, like Syria.

International human rights groups recently reported that 11 Palestinians have died as a result of torture in prisons run by Yasser Arafat's Palestinian Authority.

I cannot consider the individual rights of a Palestinian detainee in an Israeli jail as a separate issue from protecting the lives of bus passengers. Nor do I have the luxury of examining this question from an abstract moral perspective.

If applying limited physical pressure to a suspected terrorist can spare even one parent the pain of losing a son or a daughter, I am all for it. In the meantime, I pray that the conditions that give rise to the need for such methods will speedily come to an end.

The writer, a lawyer, contributed this comment to The New York Times.

STYLE

A Touch of Marrakech in Chelsea

By Suzy Menkes
International Herald Tribune

LONDON — The vivid blue makes a dramatic splash like a Matisse painting. And that's just the walls and the mosaic tiles in Yves Saint Laurent's Marrakech garden at the Chelsea Flower show.

Add to that Catherine Deneuve (fresh from the Cannes film festival) posing by the fountain in a nectarine pantsuit. Dab an impression of coral for a climbing bougainvillea. And shade in the furry spikes of varigated green cacti.

The Saint Laurent clan, including Pierre Berge and Loulou de la Falaise, turned out Monday to show off Saint Laurent's luxuriant creation for England's royal flower show, which was freshening up its gorgeous blooms for the horticultural walkabout by Queen Elizabeth II.

Those peeking through the fretted arches and exclaiming over Saint Laurent's dramatic colors, included Sir Bob Geldof, Sir Roy Strong, gardening writer, aesthete and author of ascerbic memoires, and David Hockney, whose flower paintings are currently on show in London. "All gardens are artificial, and I like the green of nature against the strong blue — but it needs sun and shadows," said Hockney, whose straw panama was keeping off drizzling rain.

"It's the most exciting thing I have ever done — and I'm proud to be the first American designer to show at Chelsea," said Madison Cox, the garden's creator. "The idea was to do something different — I can't compete with those English cottage gardens."

The painterly vision was inspired by Saint Laurent's Majorelle gardens in Morocco — the famous 1920s oasis of palms, papyrus and exotic plants, created in the 1920s by the artist painter Jacques Majorelle and lovingly restored over 10 years by Berge and Saint Laurent.

"To me, it represents a truly individual garden, with plants brought from all over the world but incorporating Islamic elements," said Cox.

Berge described himself as emotional at seeing Marrakech brought to life, while Deneuve picked cactus flowers but claimed that irises, old roses and peonies were her favorites.

De la Falaise, whose last visit to Chelsea was as a child, exclaimed over the banks of exquisite flowers or more whimsical miniature landscapes.

Even on a gray day, the garden captured the feeling of languorous heat, filtered by greenery, with the central pool a cool refuge, while geraniums, bougainvillea and yellow lantanas and an orange tree provided fiery borders. The mingling of scents was deliberately designed to recall Saint Laurent's flowery fragrances.

Andrew Thomlin

Catherine Deneuve and the American garden designer Madison Cox at the Chelsea flower show.

SHOPWATCH

Calvin Klein: Minimalist in Paris

International Herald Tribune

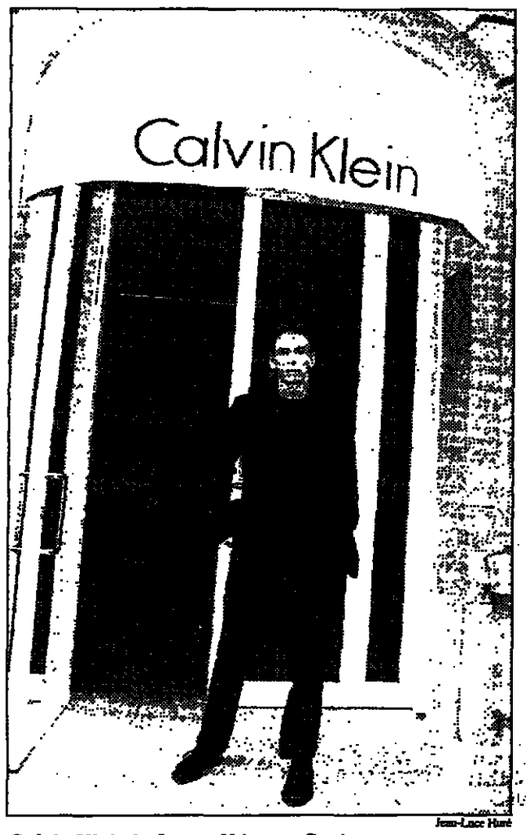
PARIS — The facade is typically French, with its noble vaulted windows and fancy wrought-iron railings. But inside, Calvin Klein's new store on Avenue Montaigne has joined the minimalist revolution. The walls are white, the decor spare and panels of sandblasted glass filter the light of modern day.

"My philosophy remains the same — it's about purity and simplicity," said Klein, who jetted in for 24 hours to launch his flagship store in the plate-glass heart of Paris.

Change is sweeping this city where women (let's call them ladies) really do still go out shopping with their pooches, and where elegance starts with the piles of tissue paper and satin gift-wrap ribbons behind the counter.

Avenue Montaigne is being transformed, with the house of Dior currently undergoing surgery to fix a well-loved face that has been around for 50 years. The architect Peter Marino is making over the Empire-style interiors to give them a modern look for entering the new millennium.

Jil Sander's minimalist temple was the first to challenge the more familiar pampered prettiness of Paris's most famous shopping avenue. Now the diggers and decorators are out all over town, with Louis Vuitton slated to open a new store on Avenue des Champs-Elysees and already installed on the Left Bank. The cluster of modernist stores at Saint-Germain-des-Pres will soon include Giorgio Armani's new emporium (currently stalled by the tough Parisian planning laws).



Jean-Luce Huré

Calvin Klein in front of his new Paris store.

Colette, at 213 Rue Saint-Honore (south of Place Vendome), is yet another sign of changing times. The spacious and airy store has a lifestyle mix of objects for the home — like tactile steel flower vases — a magazine area for browsing and a high tech café that is pulling a hip crowd into its cell-like basement. It also has clothes (but not so many) folded flat or laid out in glass cases like objets d'art. Funky purses from Pucci through young British designers have a fashionable allure.

Klein's store is more typical of the globalization of fashion that is bringing the same few international designer names to London's Bond Street, New York's Madison Avenue and Avenue Montaigne.

"I'm struck more by the similarities between people than by our cultural differences," said Klein, who at his opening party greeted high-profile fashionable folk, from the actress Fanny Ardant through grande dame Jacqueline de Ribes.

Since Klein is known in France mainly for the sexually charged men's underwear and jeans, and for the louche advertising for his hip young fragrances, the store surprised some guests.

Those expecting minimalist sportswear found gauzily layered dresses with fishtail hems in vivid Yves Klein blue and egg-yolk yellow, or graphic lines etched on stark dresses.

The store has a full range of women's clothes and accessories. But there is only a token display of menswear in the 6,000-square-foot (560-square-meter) space, punctuated with glass screens and by Donald Judd's elemental furniture.

THE upper floor displays Calvin Klein homewares, new to Europe, like deep-pile towels and cotton sheets in shades of (you guessed it) beige. It also has a stone tub filled with rose petals and a table where seedlings sprouted (until Klein removed them in order to show off plates and flatware).

"It is not monastic — there are visual surprises and differences in materials and textures, and it reflects Calvin's sensibility, which is close to mine," said Claudio Silvestrin, the Italian-born, London-based architect who created the store.

Although Ralph Lauren has had a store in Paris for 11 years, Klein's Avenue Montaigne location is a first for an American designer and puts him in the international big league. Further plans for global growth include stores in London and in other European capitals, as well as shops for the lower-priced CK line, like the one recently opened in Milan.

"I can't believe we're doing this," said Klein, looking out at the Parisian avenue. "I'm really proud to be able to open a shop in Paris — it's the most important city in Europe to show the world what you do."

Suzy Menkes

BOOKS

THE UNIVERSE BELOW: Discovering the Secrets of the Deep Sea

By William J. Broad. Illustrated. 432 pages. $30. Simon & Schuster.

Reviewed by David Quammen

THE most extraordinary moments recounted in "The Universe Below," William J. Broad's densely informative survey of deep-sea exploration and research, came in October 1993, when the author took an 8,000-foot plunge into the northeastern Pacific.

Having followed the subject as a science reporter for The New York Times, Broad was invited by the leaders of a major government-and-university-sponsored expedition to get an eyewitness glimpse of his beat.

Would he care to cram himself into a little deep-diving vehicle known as Alvin, accompanying a pilot and a scientist to the ocean floor? Their destination would be the Juan de Fuca Ridge, off the Oregon coast, more than 6,000 feet down and recently disrupted by volcanic action. From the newly reconfigured sea bottom might come new insights about crustal geology and deep-ocean biology.

It was an enviable opportunity for a journalist, but also a scary one. Ask yourself which would be worse: to be crushed by stupendous pressures, like a mouse in a trampled beer can, if Alvin's structure failed, or to die slowly of suffocation and despair, if the sub somehow got itself merely stuck? This sort of press junket is not for the claustrophobic.

Broad and the two others climbed into Alvin at sunrise, on a blustery Sunday, and sealed the hatch. "May the force be with you," said a wry voice on the radio link from the support ship. Then . . . blip. "We fell for an hour through a sea of luminous creatures," Broad writes. "Of the thousands we passed, many shimmered and pulsated with light, especially when startled by the passage of our tiny submersible. Out of my observation port I sometimes saw a bright flash as we sped downward or watched a lengthy blur of radiance curl into a smaller shape."

But they were looking for something far more unusual, he notes, than those mid-depth jellyfish and crustaceans with luminescent organs. They were looking for what he nicely calls the Dark Food Chain. This is life in the zone of abyssal blackness, that bottommost realm once thought to be sterile, now known to be teeming with predators and prey. It's where deep-ocean vents spewing hot water and chemical compounds support an alternate ecosystem, an "alien world" of sulfur-loving microbes, red-lipped tube worms, giant clams and other strange species that live almost entirely isolated from the Light Food Chain.

Unknown to science until 20 years ago, those deep-vent communities of the Dark Food Chain are among the gaudiest — and maybe, the most significant — biological discoveries of the late 20th century. One line of speculation suggests that they might be where life on Earth got its start. But whether aboriginal to all life or not, they are spectacular and creepy, and will no doubt prove vastly important to the biological sciences. So deep-vent biology and its investigation by modern technological means — manned submersibles, deep-diving robots, various sorts of remote sensors — offer rich, vivid material for a book.

Tightly packed and far-reaching, this is a small encyclopedia of deep-ocean research and lore. There's a chapter devoted to military submarine history, including accounts of the Thresher tragedy and of a mysterious spy sub called the Halibut, so secret that not even Admiral Hyman Rickover knew what it did. There's a chapter on wreck salvage enterprises conducted for fun, archeology and profit, with an update on the scuffle over the Titanic. There's an intriguing chapter on robotic research in the near-shore waters of Monterey Bay, (which are exceptionally deep, because of a huge undersea gash called Monterey Canyon) as financed by the computer billionaire David Packard. There are chapters on the commercial extraction of resources, and on the problems of ocean pollution. There are enough facts, dates, people, boats, beasts, gizmos and acronyms to make you feel as if you're swimming through a cloud of plankton. There is even a Reebok tennis shoe, sighted a mile and a half down sitting upright in the sediment, about which Broad offers no explanation and little comment.

Bounteous and amusing as it is, though, the book lacks the cohesive feel of a single story told through many particulars. It lacks vivid characters and a forceful theme. Broad's reporting is intelligent, lucid and thorough, but his prose never metamorphoses into poetry.

His voice, the voice of a fastidious reporter who wouldn't dream of committing irony, is amiable but ordinary. His scenes and his explanations blur together without climax or deft transition. The ocean deeps and their exploration are a magical subject, but "The Universe Below" never shimmers or pulsates with any magical luminosity of its own. The case of the sea-bottom Reebok is symptomatic. To a more reckless writer, that jarring item would have presented an irresistible occasion for synecdoche — for a flight of fact-grounded metaphor that might have been wonderfully telling, or maybe silly, or maybe strained. To Broad, the scrupulous reporter, it is exactly and only a wet shoe.

David Quammen's most recent book, "The Song of the Dodo," received the 1997 Burroughs Medal for nature writing and the New York Public Library's Helen Bernstein Book Award for Journalism. He wrote this for The New York Times.

The chess column will resume next week.

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THE WORLD'S DAILY NEWSPAPER

Style

TOMORROW: STAGE

Insect World Metamorphoses Into Fashion Statement

By Suzy Menkes
International Herald Tribune

LONDON — This should be the season of lush greenery and full-blown roses — not just at the flower shows, but in fashion. But what's this scrabbling across the crown of a hat? A black beetle!

How has that ladybird pattern landed on a simple sweater? Why are butterfly and dragonfly pins flitting across a dress bodice? And whoever would buy a shirt invaded by a print of ants?

Summer dressing focuses on everything in the garden that is ugly. Make that slugly. For bugs, ants, caterpillars, greenflies, spiders and snails all seem to have found a place in fashion's scheme of things.

Rather than envisioning marauding hordes destroying choice blooms, designers make the insects seem magical and alluring, with their eerie colors and gauzy wings. But while fashion has decided that bugs are beautiful, it has uprooted the traditional flower.

Prints this season either seem faded and droopy, or alarmingly distorted — oversize, computer-generated florals. They are what Baudelaire so poetically described as "Les Fleurs du Mal," or flowers of evil. Significantly, the only insistent pattern of greenery for summer 1997 is the leaf of the strangling ivy.

It is not hard to guess where insect mania has sprouted from. "Microcosmos," the lyrical film about life at the grassy roots of a French meadow, was the talk of Paris when it opened last year. People stood in line to watch the squelchy, slimy mating of snails and the mortal combat of fearsome beetles. In the documentary, filmed over three years by Claude Nuidsany and Marie Perennou, the cast of a thousand legs and wings surely provided the inspiration for the current design invasion.

The French designer Thierry Mugler admitted his fascination with the movie, dedicating his summer couture collection to the world of creepy-crawlies. His extraordinary show included six models in a carapace of black scurrying down the runway like ants. He showed antennae hats, fly-shaped sunglasses and dresses with panels of yellow and black stripes that gave new meaning to the term "wasp waist."

In the Moschino show, which was on a garden theme, dresses were smothered in appliqués of flowers and insects, like perambulating herbaceous borders. The butterfly was a frequent motif of the summer collections, but instead of emphasizing its fragile beauty, there were suggestions of entrapment and death. Alexander McQueen closed his London show with a dominatrix holding a transparent plastic cage around her head, while inside real butterflies fluttered and beat frustrated wings.

The ladybug effects at W&LT's show were also slightly scary, with the designer Walter Van Bierendonck's head-hugging hats with insect antennae above dresses appliquéd with scissored leaves, or ladybugs like giant roaches used as dress patterns or knitted into sweaters.

Jean Paul Gaultier's bug jewelry was funky, with a metallic scarab brooch looking like an extraterrestial and a pin as a hybrid of beetle body and butterfly wings. Some bugs are beautiful, like Christian Lacroix's graceful dragonfly pin alighting on the shoulder of a dress.

THERE is nothing so new about fashion embracing bugs. Scarabs have been part of ethnic jewelry in many cultures, and the "Treasures of Thailand" exhibition in Paris showed the iridescent blues and greens of beetle wings used in basketwork and for embroidery.

Insects have even been used to turn fashion into art, for the recent Biennale of Art and Fashion in Florence (and at the SoHo Guggenheim in New York), included sculpted dresses with their surfaces covered in scarabs.

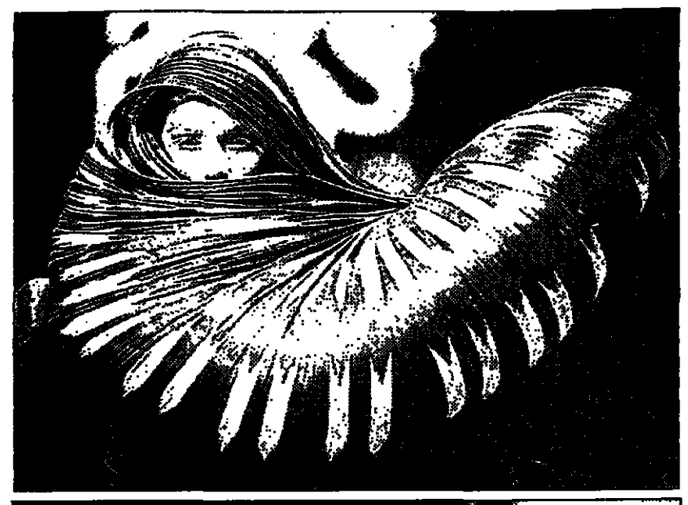
The most fantastic and imaginative examples of bug art are the jewels of Rene Lalique, whose decorative pieces of 100 years ago are symbolic of Art Nouveau.

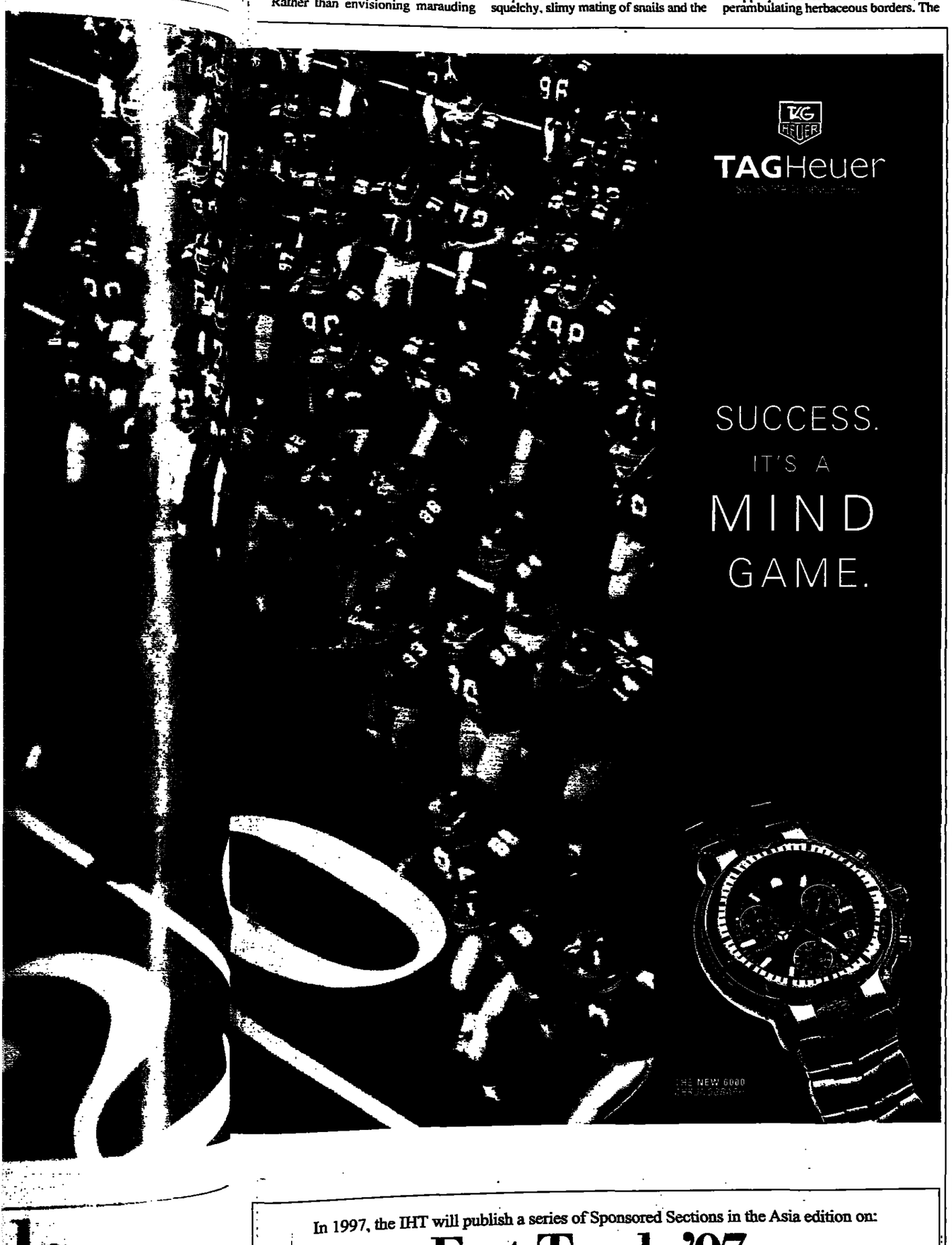
To reflect the translucence of insect wings, Lalique used horn for a fern-branch hair comb decorated with scavenging beetles; or he had five black and gold enamel wasps sucking at an opal pin. Capturing nature on the wing, he made a necklace of damselflies hovering over an aquamarine pendant, like insects over water. The materials seem deliquescent and their organic subjects decaying, with leaves withered and flowers overblown. The result is jewelry with a decadent turn-of-the-century beauty.

One of Lalique's most striking and memorable jewels was the corsage ornament of a dragonfly woman — a hybrid of erotic female body with membrane-like open-backed enamel wings. That suggests why insect images are so fascinating and why they might be appropriate to current times.

The essence of bugs is metamorphosis. Right now, as in Lalique's time, the old century is about to morph — this time into a new millennium. In fashion, a new woman seems to be emerging, yet she has not quite broken out of her chrysalis.

Or maybe designers are drawn to bugs for another compelling reason: Because fashion, like the insect world, has an intense existence — and dies when it has had its brief day.





Clockwise from top: The current insect and flower mania designs include Philip Treacy's caterpillar hat; Moschino's flower and butterfly dress; Treacy's black beetle and dragonfly creation; Versace's ivy-patterned evening gown; W&LT's scissored-leaf dress with head-hugging insect hat, and Mugler's wasp-stripe dress.

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BUSINESS/FINANCE
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Beyond Development: Rediscovering Nature's Wisdom
The 2005 World Exposition, Japan

GM Plans A Plunge Into Brazil

It Will Build Small Car For Latin Americans

Bloomberg News

SAO PAULO — General Motors Corp. said Monday that it planned to build a small car in Brazil that would be the most affordable model yet aimed at the surging South American car market.

The one-liter engine model, the Blue Macaw, would be targeted at consumers in Argentina and Brazil, where annual sales have more than doubled in five years, to about 1.8 million cars and light trucks.

Mark Hogan, general manager of the small-car division, said GM aimed to sell the Chevrolet model for $9,000 or less, undercutting Fiat SpA's Uno, now Brazil's cheapest car, with a sticker price of about $10,500.

The car would be exported to Argentina, where lower inflation has made consumer credit more available.

"Both Argentina and Brazil will pass Germany in the next five years in car sales," Mr. Hogan said. "This is a major market for GM."

GM hopes to begin production in late 1999, Mr. Hogan said, at a plant under construction at Gravatai, in Rio Grande do Sul, Brazil's southernmost state.

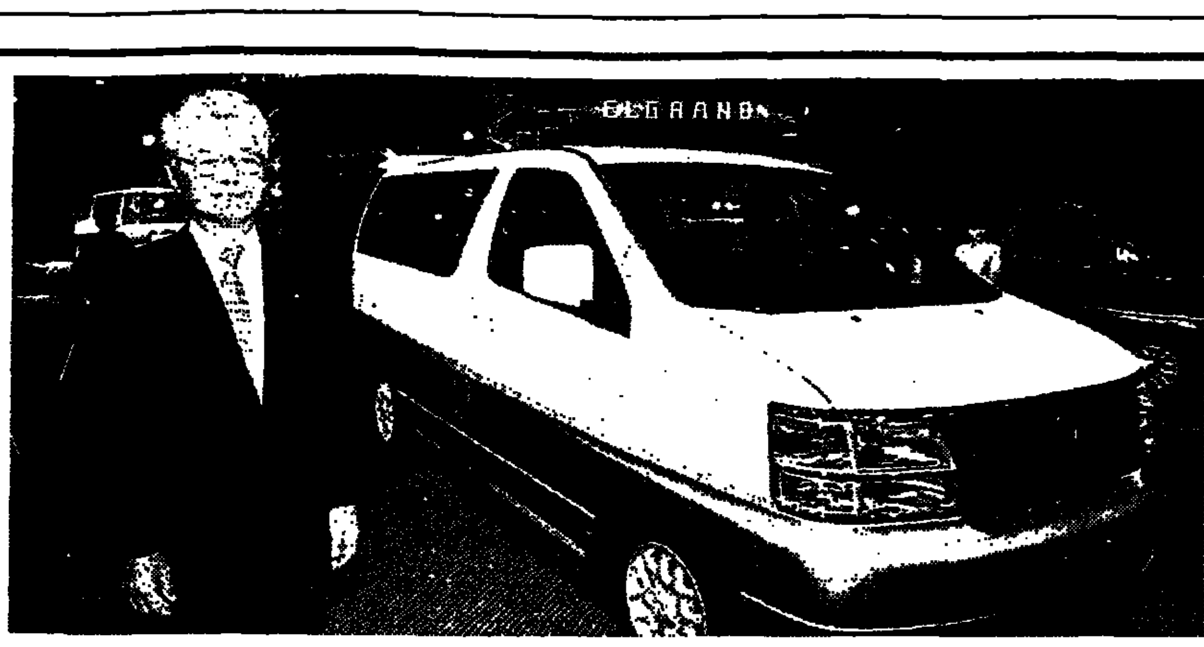
Latin America is one of GM's most profitable regions, Mr. Hogan said, and most of its growth in the region comes from Brazil. He said GM planned to invest $3 billion in Brazil through 2002 to raise production.

Ninety percent of the car will be made with Brazilian parts at a plant that will be "one of the most productive in the world," Mr. Hogan said. He declined to say how many cars would be produced.

"The demand for this kind of vehicle is very high," said Rene Abdalah, a specialist on the Latin American auto industry and market with DRI/McGraw-Hill in Lexington, Massachusetts.

Honda Motor Co., Renault, Mercedes AG Holding, Asia Motors Co. of South Korea and Chrysler Corp. have built plants in Brazil, and Ford Motor Co., Volkswagen AG and Fiat SpA are building additional plants.

Sales in Brazil so far this year are up 20 percent from a year ago.



Maeshara/Hasano/Reuters

Nissan's president, Yoshikazu Hanawa, unveiling a new model. Such firms are still coasting on the weak yen.

Not Even Japan Fears a Soaring Yen

By Sheryl WuDunn
New York Times Service

TOKYO — What is surprising, as the yen shoots up once more against the dollar, is that no one in Japan is screaming.

The yen strengthened against the dollar by 8 percent in nine days recently, moving from 125 yen per dollar on May 7 to 115 yen on May 16. (It finished in Tokyo on Monday at 115.9 yen.) The last time markets experienced such a ferocious ascent was in the spring of 1995, when the yen hit a record high of 79.75 yen to the dollar.

At that time, the mightier yen — which makes imports less expensive in terms of the Japanese currency and exports more expensive in terms of other currencies — delighted a few Japanese consumers who relish American imports. But it provoked fear throughout much of corporate Japan, which was worried about exports' competitiveness.

There is none of that fear this time around, and in fact, the strengthening of the yen seems welcome all around. Exporters, for example, may not mind the currency moves this time partly because they are still sated from a rush of profits arising from the cheapened yen.

"The Sonys and Toyotas of the world are so profitable from the windfall gains of the weak yen that any further depreciation to them is redundant," said Mineko Sasaki-Smith, an economist at Credit Suisse First Boston Securities (Japan) Ltd.

Foreigners may have an image of all Japanese as exporters lobbying for a weak yen, but the Japanese economy has in many ways become more international so that at certain levels, a weak yen hurts more than a stronger one.

Certainly, as the yen weakened over the months, the increasing number of Japanese who have become fond of L.L. Bean clothes and American jeeps grew miffed with the yen at 125. And domestic companies that import products watched woefully as the weakening yen brought down their stock prices at the same time that stock prices of exporters soared.

The yen was boosted this time almost solely by verbal intervention from ministry officials, notably Eisuke Sakakibara, director of the Finance Ministry's International Bureau. Mr. Sakakibara, who has been called "Mr. Yen" because of both his penchant and his ability to move currency markets, told Parliament on May 8 that for the last decade, the yen has appreciated on average by 23 yen per year, and that it could hit 103 yen by next year.

The market seemed to boomerang as it debated over whether 103 was a target or just a projection.

"What's important is whether we're looking at another huge swing, let's say past 100," said Robert Alan Feldman, economist at Salomon Brothers Asia Ltd. "The answer is probably, no. Enough people understand that buying dollars at 100 would be the smart thing to do."

Part of the reason for buying back the dollar, economists say, is that a level of 100 yen against the dollar does not seem to be supported by economic conditions, such as the difference in local interest rates and the relative strengths of the economy.

Some economists say a rate of about 120 yen to the dollar properly reflects the gap in long-term interest rates — which widened to 4.6 percent this spring — and other economic factors, such as trends in inflation and the relative strengths of the two countries' surpluses in trade.

Now for some, the quest is to pin down the most optimal or equitable range for the economy as a whole, the point where everyone in this relatively egalitarian society is relatively happy.

See YEN, Page 16

Huge Banking Merger Being Mapped in Italy

Cariplo to Start Talks With Ambroveneto

By Alan Friedman
International Herald Tribune

PARIS — Cariplo, Italy's leading savings bank, agreed Monday to begin merger talks with Banco Ambroveneto that are likely to result in the biggest privatization deal in Italian banking history and the creation of the largest bank in the country.

The combined bank would have more than 1,800 branches and total assets of 251 trillion lire ($150 billion), ranking it as a European financial powerhouse.

The Milan-based Banco Ambrosiano Veneto (Ambroveneto), which is Italy's most profitable private-sector bank, has offered to pay 8 trillion lire for 100 percent of Cariplo, according to a banker close to the talks.

The deal that is to be discussed, said an executive involved in the talks, could see Cariplo buying 28 percent of the combined group for 2 trillion lire in a second stage, making it the second-largest shareholder, after Credit Agricole of France, which owns 30 percent of Ambroveneto.

Cariplo is a wealthy savings bank that is currently in the public sector because it is owned by local and regional authorities.

The Italian government has been urging a merger that would both serve as a major privatization and help rationalize Italy's crowded banking system.

The decision by the board of the Cariplo foundation, which owns the bank, marked the latest setback for Mediobanca, the powerful Milan merchant bank that had been hoping to engineer a takeover of Cariplo by Banca Commerciale Italiana, a commercial bank that Mediobanca effectively controls.

Although Ambroveneto had been pushing its proposal for the last few months, Banca Commerciale Italiana made a surprise offer just a few days ago, fueling speculation that Mediobanca wanted to bring Cariplo into its sphere of influence.

The privatization of Banca Commerciale three years ago caused much controversy in Italy and much frustration for Prime Minister Romano Prodi, who was then chairman of the IRI state holding group, which sold Banca Commerciale.

Mr. Prodi watched helplessly as Enrico Cuccia, the honorary chairman of Mediobanca, won control of the bank by putting together a group of shareholder allies who were able to acquire Banca Commerciale without paying any majority premium.

By deciding to open merger talks with Ambroveneto rather than Banca Commerciale, the board of Cariplo thwarted what some Milan analysts saw as a Mediobanca power play.

This month, Mediobanca was defeated in its hopes of engineering a merger that would have created a conglomerate consisting of the Marzotto textile and fashion group and the Rizzoli-Corriere della Sera newspaper and book publishing business.

Giuseppe Guzzetti, chairman of the foundation that controls Cariplo, said the board had voted unanimously to accept Banco Ambrosiano Veneto's offer.

Banks to Rescue Korean Retailer

Compiled by Our Staff From Dispatches

SEOUL — Banks agreed Monday to bail out Dainong Group, a retailing and textile company, to prevent a major bankruptcy.

SeoulBank, the conglomerate's major creditor, said it would bail out four of the company's units: Dainong Corp., Midopa Department Store, Dainong Heavy Industries Inc. and Metro Product Co., which the bank said accounted for 83 percent of the group's assets and 86 percent of its debt.

"We have decided to bail out the four companies in view of the impact their failure would have on society and the economy," SeoulBank's executive director, Lee Dong Man, said.

Dainong was struggling under 1.84 trillion won ($2.06 billion) in debt as of the end of 1996, compared with total assets of 1.79 trillion won, SeoulBank said. The bailout decision is to be ratified at a meeting May 28 meeting of 23 creditor banks.

(Bloomberg, Reuters, AFP)

Thinking Ahead /Commentary

EU's '3%' Obsession Is Worth Zero

By Reginald Dale
International Herald Tribune

LONDON — European governments are losing all sense of proportion over a single statistic that they have allowed to become the main determinant of membership in the European single currency, the euro — a load that the largely arbitrary figure was never meant to bear.

The overburdened yardstick is the notorious limit of 3 percent of gross domestic product for budget deficits prescribed in the European Union's Maastricht Treaty, the blueprint for constructing the euro by Jan. 1, 1999.

Almost entirely at Germany's insistence, the EU has become as obsessed with enforcing the limit as the medieval theologians who recommended excommunication for even the slightest deviation from orthodox doctrine.

It has reached the point at which a European Commission estimate that Italy may miss the target by a fraction of a percentage point is grounds for a major international political incident, and usually level-headed analysts are discussing the significance of the treaty's specification of 3 percent, rather than 3.0 percent — even though they know that such marginal considerations are economically meaningless.

Theo Waigel, the German finance minister, has repeatedly demanded exact adherence to the limit in language reminiscent of Martin Luther's famous refusal — "Here I am, and here I stay" — to back down on his religious principles. "Three is three, and that is how it is staying," Mr. Waigel said last month.

His dogmatism has now boomeranged against his own government. He unexpectedly finds himself obliged to suggest dubious stratagems, such as revaluing Germany's gold reserves, to fulfill the 3 percent requirement — even though nobody doubts that in the real world, Germany is amply qualified to be the cornerstone of the euro, whether or not it hits the precise budgetary target.

Mr. Waigel's window dressing, which has undermined Germany's moral authority as the guardian of Europe's financial rectitude, would have been unnecessary if he had not given the 3 percent criterion a significance far beyond what the Maastricht authors intended — ironically, to reassure the same German voters he now risks alienating.

Three percent was chosen almost at random because EU officials thought that *some* figure was needed to define "excessive" deficits. It might have been 2 percent or 4 percent instead.

The figure is anyway not in the treaty itself, but in a protocol, and was intended to be only one of a series of "reference values," not a sine qua non for euro membership. Conversely, achievement of the 3 percent target was never meant to confer the "right" to join the euro, as some countries, such as Spain and Italy, now contend.

Selection of the euro's founder members is not supposed to be a "bookkeeping decision," in the words of European monetary officials. The treaty's criteria are meant to contribute to a much broader assessment of whether European economies have converged sufficiently to make the euro a viable currency.

In fact, the treaty specifically states that a country need only "come close to the reference value" if its budget deficit has declined "substantially and continuously." That is a provision that every EU member except Greece can be said to have fulfilled since the trough of the last recession in 1993.

Michel Camdessus, managing director of the International Monetary Fund, a normally strict monitor of international behavior, has said that the conditions for the euro's successful start are already in place and that Germany has largely succeeded in exporting its "culture of stability" to the other member states.

The 3 percent target has helped to make that happen. But it has become a political, not an economic, symbol. Continuing efforts will be needed to keep deficits under control, now and after the euro is introduced.

The EU's fixation with 3 percent is obscuring the remarkable convergence of European economies, and of economic policies, that has already taken place.

CURRENCY & INTEREST RATES

Cross Rates

May 16-May 19

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9045	3.1285	1.1345	0.3338	0.114*	—	5.4425*	1.3404	1.6536*	1.3915	1.3305*
Brussels	35.0225	57.61	20.642	6.1325	2.0956*	18.3595	—	24.527	0.3086	25.67	24.425*
Frankfurt	1.7022	2.794	—	0.297	0.1015*	0.8914	4.845*	1.1885	1.4035*	1.3425	1.1867*
London (a)	1.6386	—	2.7973	9.4184	2,743.92	3.1434	57.7361	2.3403	190.383	2.2777	235.525
Madrid	143.366	235.857	84.299	25.055	8.56*	74.969	4.0843	55.312	124.341*	104.865	—
Milan	1,672.59	2,746.75	985.50	292.38	—	876.98	47.788	1,177.40	14.405	1,220.40	11.782
New York (b)	—	1.6385a	1.7085	5.756	1,675.80	1.9208	35.25	1.4065	115.75	1.3713	143.485
Paris	5.7227	9.389	3.3673	—	0.342*	2.9946	0.1631	4.087	4.9668*	4.1880	3.9955*
Tokyo	115.90	189.82	68.53	20.35	0.696	60.95	3.3209	81.69	—	84.51	0.814
Toronto	1.3741	2.2485	0.812	0.241	0.0823*	0.7215	0.3832*	0.9665	1.1861*	—	0.963*
Zurich	1.42	2.3224	0.8371	0.2484	0.0849*	0.7441	4.0547*	—	1.23*	1.0342	0.9929*
1 ECU	1.1520	0.7806	1.9591	6.5969	1,929.33	2.2029	40.436	1.6464	132.820	1.5749	165.099
1 SDR	1.3934	0.8491	2.3719	7.9742	2,332.14	2.6629	48.8366	1.9953	142.614	1.9266	199.568

Amsterdam, Brussels, Frankfurt, Paris, Toronto, Zurich, ECU and SDR rates from May 16, others from May 19.
Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York at 4 p.m. and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	271.46	Mex. peso	7.885	S. Afr. rand	4.4685
Australian $	1.2942	Hong Kong $	7.7385	N. Zealand $	1.447	S. Kor. won	891.20
Austrian sch.	11.984	Hung. forint	181.07	Norw. krone	7.0487	Swed. krona	7.6202
Brazil real	1.071	Indian rupee	35.78	Phil. peso	26.36	Taiwan $	27.75
Chinese yuan	8.3218	Indo. rupiah	2439.5	Polish zloty	3.15	Thai baht	25.85
Czech koruna	30.92	Irish £	0.6558	Port. escudo	171.31	Turkish lira	137380.
Danish krone	6.482	Israeli shek.	3.386	Russ. ruble	5762.0	UAE dirham	3.671
Egypt. pound	3.3952	Kuwaiti dinar	0.3038	Saudi riyal	3.75	Venez. boliv.	483.00
Fin. markka	5.1295	Malay. ring.	2.4985	Sing. $	1.4345		

Forward Rates

Currency	30-day	60-day	90-day
Pound Sterling	1.6390	1.6383	1.6375
Canadian dollar	1.3684	1.3655	1.3628
Deutsche mark	1.6995	1.6960	1.6922
Japanese yen	115.64	115.15	114.64
Swiss franc	1.4196	1.4152	1.4101

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

May 19

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 9/16 - 5 11/16	2 15/16 - 3 1/16	1 7/16 - 1 9/16	6 3/16 - 6 5/16	3 3/16 - 3 5/16	7/16 - 9/16	4 - 4⅛
3-month	5 11/16 - 5 13/16	2 15/16 - 3⅛	1½ - 1⅝	6⅜ - 6½	3¼ - 3⅜	½ - 9/16	4 - 4⅛
6-month	5⅞ - 6	3 1/16 - 3 3/16	1 9/16 - 1 11/16	6½ - 6⅝	3 5/16 - 3 7/16	9/16 - 11/16	4 1/16 - 4 3/16
1-year	6⅛ - 6¼	3 5/16 - 3 7/16	1 11/16 - 1 13/16	6 13/16 - 6 15/16	3⅜ - 3½	13/16 - ⅞	4¼ - 4⅜

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5½	5 7/16
90-day CDs dealers	5.74	5.73
180-day CP dealers	5.65	5.70
3-month Treasury bill	5.17	5.04
1-year Treasury bill	5.55	5.52
2-year Treasury bill	6.25	6.24
5-year Treasury note	6.56	6.54
7-year Treasury note	6.61	6.60
10-year Treasury note	6.70	6.69
30-year Treasury bond	6.91	6.90
Merrill Lynch 30-day RA	4.99	4.99
Japan		
Discount rate	0.50	0.50
Call money	0.47	0.36
1-month interbank	0.55	0.52
3-month interbank	0.57	0.54
6-month interbank	0.65	0.62
10-year Govt bond	2.71	2.80
Germany		
Lombard rate	4.50	4.50
Call money	Clsd.	3.10
1-month interbank	—	3.15
3-month interbank	—	3.20
6-month interbank	—	3.25
10-year Bund	—	5.77

Britain	Close	Prev
Bank base rate	6¼	6¼
Call money	6¼	6¼
1-month interbank	6¼	6 5/16
3-month interbank	6⅜	6⅜
6-month interbank	6½	6½
10-year Gilt	7.09	7.05
France		
Intervention rate	3.10	3.10
Call money	Clsd.	3 5/16
1-month interbank	—	3¼
3-month interbank	—	3 5/16
6-month interbank	—	3⅜
10-year OAT	—	5.63

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	Clsd.	—	—
London	343.35	340.70	–3.80
New York	344.80	342.20	–2.70

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (June.)
Source: Reuters.

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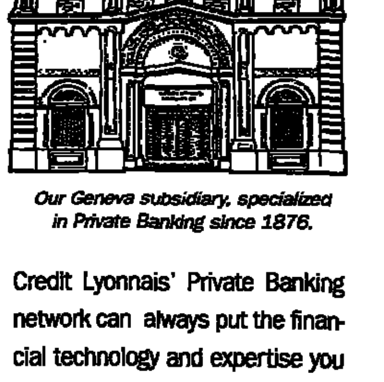

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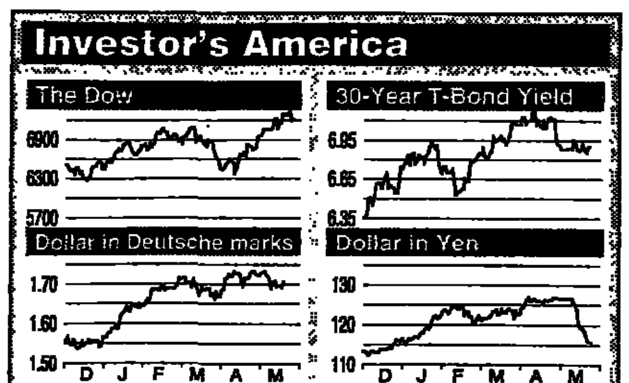
THE AMERICAS

Investor's America



Exchange	Index	Monday 4PM	Prev. Close	% Change
NYSE	The Dow	7228.88	7194.67	+0.48
NYSE	S&P 500	833.27	829.75	+0.42
NYSE	S&P 100	818.46	812.56	+0.73
NYSE	Composite	434.14	432.46	+0.39
U.S.	Nasdaq Composite	1341.25	1340.73	+0.04
AMEX	Market Value	587.48	586.72	+0.13
Toronto	TSE Index	Closed	6246.50	
São Paulo	Bovespa	10505.88	10488.35	+0.08
Mexico City	Bolsa	3918.45	3897.17	+0.55
Buenos Aires	Merval	743.86	742.77	+0.15
Santiago	IPSA General	5393.25	5456.39	-1.16
Caracas	Capital General	6551.46	6652.21	-1.52

Source: Bloomberg, Reuters — International Herald Tribune

First Class? A Lofty Shakeout

By David J. Morrow
New York Times Service

NEW YORK — Roger Enrico, chief executive of PepsiCo Inc., can do it anytime he wants. Ann McLaughlin, a former U.S. secretary of labor, not only does it, she occasionally has General Motors Corp. pay for it. Chris Evert won't say whether she does it. And at IBM, managers can do it only if they are going to do it for a long time.

So what's this deadly sin?

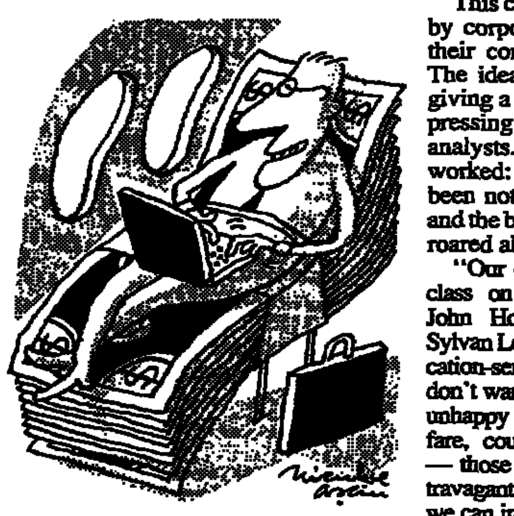
Flying first class.

With companies slashing travel budgets in recent years, some executives who once flew first class are now routinely sequestered in the rear of the aircraft.

The exodus has made the first-class ticket one of the last perquisites of corporate success,

"Being able to sit up front is the last sign of achieving high rank in the company," said a director in Amdahl Corp.'s London office. "It's a form of segregation, really. Your boss is in front, and you're in the back. It causes a lot of frustration. Some executives in our company, when they hear they can't fly first class, get so annoyed they won't even take the trip."

Such fragile egos may have cause to be upset. Restrictions on first-class air travel not only have been swift; they have even lassoed chief executives and their boardroom colleagues. In 1988, according to a survey by Runzheimer



International, a consulting firm, only 23 percent of American companies that allowed employees to fly first class placed limits on which employees could do so. By last year, that number had climbed to 41 percent.

The carnage in the executive suite was just as severe. In 1988, 59 percent of top officers at companies in the survey had travel benefits that included first-class tickets and rooms at luxury hotels. Only 48 percent had such perks last year.

This cutback is part of a drive by corporate boards to bolster their companies' stock prices. The idea is to slash expenses, giving a lift to earnings and impressing Wall Street's fickle analysts. The strategy has worked: Many companies have been notching record earnings, and the bull market in stocks has roared ahead.

"Our executives only fly first class on rare occasions," said John Hoey, vice president of Sylvan Learning Systems, an education-services company. "We don't want our shareholders to be unhappy with us. First-class air fare, country-club memberships — those things sound really extravagant. There are better things we can invest our money in."

The move hasn't emptied out airlines' first-class cabins, but it has had an impact. First-class travel accounted for 10.8 percent of all international tickets sold in 1993 to corporate clients but only 6.3 percent last year, according to Topaz Enterprises, a travel auditing firm.

Stocks Climb Gently Before Fed Meeting

Compiled by Our Staff From Dispatches

NEW YORK — U.S. stocks rose Monday, the day before Federal Reserve Board policymakers were scheduled to meet on interest rates, led by gains in beverage, tobacco and oil companies.

Procter & Gamble and other consumer companies, which tend to do best when the economy slows, also gave the stock index a boost.

The Dow Jones industrial average closed 34.21 points higher at 7,228.88. The Standard & Poor's 500-stock index rose 3.52 points to 833.27. The Nasdaq composite index rose 0.52 point to 1341.25.

Bonds were little changed as many bond investors apparently expected the Fed to keep the overnight bank lending rate unchanged.

The benchmark 30-year Treasury bond fell 4/32 to 96 12/32, with the yield at 6.91 percent, unchanged from Friday

"Some people are under the impression that no matter what the Fed does, the market is going to come under pressure," said Tony Crescenzi, head trader at Miller, Tabak, Hirsch & Co.

Trading in stocks was light on the day before Fed Chairman Alan Greenspan and central bank policymakers were scheduled to decide whether the economy was slowing enough to postpone a rise in rates.

"No matter what happens tomorrow, we're in a period when the Fed is raising rates," said Barbara Marcin, a money manager at Citibank Global Asset Management. "I don't see much upside for stocks."

The Fed raised the overnight bank rate to 5.50 percent on March 25 to ease inflation pressures by increasing the cost of borrowing, which can slow expansion.

Philip Morris, the world's largest cigarette maker, gained ½ to 42⅞ after tobacco opponents agreed to limit to $4 billion a year the amount smokers could collect in lawsuits.

The accord paves the way for a landmark agreement within two weeks, according to participants in the talks. Any money left over would go toward smoking-prevention efforts such as anti-smoking classes, the participants said.

"Eighty percent of the deal is done," said Russ Herman, an attorney from New Orleans who represented smokers suing cigarette makers in the negotiations.

RJR Nabisco Holdings, which owns R.J. Reynolds tobacco company, ended higher.

Mobil gained 2⅜ to 136¾, and

U.S. STOCKS

Amoco advanced 2⅞ to 87⅜ amid speculation they would merge their refining, service-station and lubricants businesses outside Europe.

Computer disk-drive makers fell on concern that inventories could pile up. Seagate Technology fell 3¼ to 45¼, Quantum dropped 4½ to 40 11/16, and Western Digital slid 4 to 61¾.

Personal-computer stocks were mixed after Hewlett-Packard, which reported disappointing earnings Friday, announced cuts in prices of as much as 13 percent.

Dell Computer rose 3¼ to 97½, but Intel fell ⅜ to 154¾.

Netscape Communications rose ¾ to 30 after the Internet software publisher said it would merge a subsidiary with an affiliate of Oracle, freeing up cash at Netscape for battling Microsoft. Oracle edged down ⅛ to 44¼, and Microsoft eased to 115⅛, down 5/16.

Westell Technologies shares rose after a published report said Bell Atlantic would announce a four-year contract with the maker of high-speed Internet-access equipment and DSC Communications.

DSC shares also gained, but PairGain Technologies, a rival to Westell, slumped.

While stocks have recovered in the past five weeks from the 10 percent drop triggered by concern over rising interest rates earlier this year, investors are concerned that stocks could resume their slide if the Fed moved again.

"The consensus on the Fed is not as evenly split as I would have thought," said Richard Cripps, a market analyst at Legg Mason in Baltimore, "About two-thirds of the people we've talked to expect a tightening. I don't think that a lot of people will want to do buying."

(Bloomberg, AP)

Very briefly:

- **ITT Corp.** said it had agreed to sell five Sheraton hotels to FelCor Suite Hotels Inc. for $200 million as part of a long-term alliance with FelCor.
- **Oracle Systems Corp. and Netscape Communications Corp.** confirmed they had signed a definitive agreement to merge two affiliates, Network Computer Inc. and Navio Communications, into a software development company. They did not disclose financial details of the agreement, which is subject to government approval.
- **Toys 'R' Us said** strong sales of video-game systems and action figures tied to the re-release of the "Star Wars" movies helped it increase first-quarter earnings 57 percent from a year earlier. The toy retailer earned $29.4 million, or 10 cents a share in the quarter ended May 3, as its sales rose 19 percent, to $1.9 billion.
- **E.W. Scripps Co.** said it had agreed to buy Harte-Hanks Communications Inc.'s newspaper and broadcasting operations for $605 million to $625 million in stock and assumed debt. *Bloomberg, AFX, AP*

Sun to Sell Russian Encryption Software

Bloomberg News

MOUNTAIN VIEW, California — Sun Microsystems Inc. said Monday it would sell advanced data-encryption software created by a Russian company to international customers, a move likely to get close attention from the U.S. government.

Sun will distribute the software from Elvis+ Co., a company created by former Soviet scientists in which *Sun has a 10 percent stake.*

The software will contain so-called encryption keys that are as much as 128 bits long. U.S. law limits the export of encryption technology based on keys that are more than 40 bits long, to prevent the export of technology that could help terrorists gain access to confidential codes.

Sun would not be breaking the law, because it would not be exporting the technology from the United States, analysts said. The technology was developed from Sun's own software, and it is being distributed by its SunSoft distribution unit. Sun said the technology was "one of the most secure protocols available."

Weekend Box Office

The Associated Press

LOS ANGELES — "The Fifth Element" dominated the U.S. box office over the weekend, with a gross of $11.6 million. Following are the Top 10 moneymakers, based on Friday's ticket sales and estimated sales for Saturday and Sunday.

1. The Fifth Element	(Columbia Pictures)	$11.6 million
2. Father's Day	(Warner Bros.)	$6.4 million
3. Breakdown	(Paramount)	$6 million
4. Austin Powers	(New Line Cinema)	$5.6 million
5. Volcano	(Twentieth Century-Fox)	$3.6 million
6. Liar Liar	(Universal)	$3 million
6. Night Falls on Manhattan	(Spelling Films)	$3 million
8. Sprung	(Trimark Pictures)	$2.5 million
9. Romy and Michelle's Reunion	(Touchstone Pictures)	$2.2 million
10. Anaconda	(Columbia Pictures)	$2.1 million

Dollar Rises as Investors Get Ready for Fed Decision

Bloomberg News

NEW YORK — The dollar rose against most other major currencies Monday as traders who sold dollars in recent days bought some back in case Federal Reserve Board policymakers raise interest rates at their meeting Tuesday.

"We had customers buying dollars today who had sold" last week, said Ricardo Gomes, managing director of foreign exchange at Republic National Bank. "People are hedging their bets on what the Fed will do." Fed policymakers will meet Tuesday to consider raising lending rates for the second time this year to slow the economy and ward off inflation.

The dollar stood at 115.750 yen in

FOREIGN EXCHANGE

4 P.M. trading, up from 115.625 yen Friday. It also rose to 1.7085 Deutsche marks from 1.6931 DM, to 1.4265 Swiss francs from 1.4203 francs and to 5.7560 French francs from 5.6995 francs. The pound was at $1.6395, up from $1.6368.

The mark was under pressure against the dollar and the yen on concern that Germany plans to use quick fixes to reduce its budget deficit and debt to qualify for Europe's planned monetary union. "The plans are certainly weakening the mark," said Richard Gilhooly, global market strategist at Paribas Capital Markets. "It's seen as the Germans fudging on EMU criteria."

Meanwhile, the yen benefited from news that Japan's merchandise trade surplus had soared in April from a year earlier. The yen's strength against the mark kept the Japanese currency from falling much against the dollar.

AMEX

Monday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7203.74	7243.30	7172.42	7228.88	+34.21
Trans	2621.85	2640.04	2611.97	2635.11	+10.48
Util	221.89	222.49	221.33	221.72	-0.22
Comp	2245.46	2257.22	2237.86	2253.02	+8.46

Standard & Poors

	High	Low	Previous Close	Today 4:00
Industrials	—	—	977.50	982.58
Transp.	—	—	604.07	607.02
Utilities	—	—	193.26	193.14
Finance	—	—	93.08	93.10
SP 500	—	—	829.75	833.27
SP 100	—	—	812.56	818.46

NYSE

	High	Low	Last	Chg.
Composite	435.09	432.06	434.14	+1.70
Industrials	552.55	548.17	551.55	+2.93
Transp.	397.44	393.13	396.57	+2.19
Utility	268.76	267.40	268.02	-0.20
Finance	393.17	390.48	391.08	+0.41

Nasdaq

	High	Low	Last	Chg.
Composite	1344.91	1336.00	1341.25	+0.52
Industrials	1082.15	1077.09	1081.69	+2.42
Banks	1458.64	1450.78	1455.12	+1.09
Insurance	1501.66	1492.18	1497.81	+2.21
Finance	1772.48	1764.58	1771.39	+4.90
Transp.	901.42	895.88	900.67	+1.92

AMEX

	High	Low	Last	Chg.
	587.47	585.68	587.47	+0.75

Dow Jones Bond

	Close	Chg.
20 Bonds	102.14	+0.04
10 Utilities	98.91	-0.23
10 Industrials	105.37	+0.31

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
PhilMor s	64426	43⅜	42⅝	43	+½
RoylD	60018	189⅝	188	188⅝	+¾
Seagate s	56471	48½	44⅞	45¼	-3¼
MercFe	49322	2⅛	2	2⅛	+⅛
HewlPk s	45615	53⅜	52⅛	52⅝	—
EEXChile	41889	19⅝	19⅛	19½	+⅛
AT&T s	38044	33⅞	33⅜	33½	—
GenElec s	37071	61⅛	60⅜	61	+⅛
AMD	32387	42½	39⅝	40	-2⅝
PepsiCo	30972	37⅝	36¾	37⅛	+⅜
WDigit	30327	66	61½	61¾	-4¼
Exxon s	25268	59⅛	58	59	+⅞
CocaCl	24664	68⅜	67¼	68	+1⅛
NikeB s	24468	55⅜	54⅝	55⅜	+⅞
IBM	23922	170¼	166⅝	168⅝	-1⅛

Nasdaq

	Vol.	High	Low	Last	Chg.
PairTch s	187009	17¼	14⅝	15½	-1⅞
Informix	73184	9⅝	8⅝	8⅝	-1⅛
Cisco	71898	61¾	60⅛	60⅝	-⅞
DellCpt s	71220	98½	94¾	97½	+3¼
Quantum	70464	45⅛	40½	40¾	-4½
Intel	66852	156¾	153	154¾	-⅜
Microsft s	57027	117⅛	115⅛	115⅛	-⅝
Camelot	44115	⅝	½	⅝	+⅛
Oracle	39821	44½	43⅝	44¼	-⅛
3Com	36239	38	37	37⅝	+½
RapInd s	35041	25¼	23⅜	23⅝	-1½
SunMic s	34972	32¼	31½	31½	-⅝
Netscpe	33725	31	29⅝	30	+¾
WorldCm s	32398	26⅛	25⅝	26⅛	+¼
ApldMat	32377	66⅞	65⅝	66⅞	+¾

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	12987	83⁴⁹⁄₆₄	83⅛	83⅝	+⅞
XCL Ltd	8790	¼	⅞	⅞	-⅛
InterDig	8680	6⅞	6½	6⅞	-⅞
ViacB	8478	30⅛	29⅝	29⅝	-⅛
JTS Corp	4048	1⅛	1⅛	1⅛	—
Harken	3779	4⅞	4⅝	4⅞	+⅛
EchoBay	3763	6	5⅝	5⅞	-⅛
FAusPr	3472	9⅛	9⅛	9⅛	+⅛
NY Times	3016	46⅛	45⅞	46⅛	+⅞
PrpdLg	3013	16⅝	16¼	16⅝	-⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	1404	993
Declined	1072	1472
Unchanged	871	901
Total issues	3347	3366
New Highs	93	94
New Lows	11	6

Nasdaq

	Noon	Prev.
Advanced	1530	1914
Declined	1654	2029
Unchanged	2228	1793
Total issues	5412	5736
New Highs	54	111
New Lows	81	74

AMEX

	Close	Prev.
Advanced	347	285
Declined	247	236
Unchanged	188	203
Total issues	782	724
New Highs	25	33
New Lows	3	5

Market Sales

	Today 4:00	Prev. cons.
NYSE	347.93	574.51
Amex	13.74	26.47
Nasdaq	412.82	562.76

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
BOC Group PLC	b	.5872	5-23	8-8
Hongkong Tel	b	.5387	5-29	7-25
Kilroy Rlty	b	.2583		
Wainwright Bk	-	.015	5-30	6-13
STOCK				
New Mexico Arlz	-	10%	6-16	7-18
STOCK SPLIT				
Am Brands 1 ADS of Gallagher Group PLC for each share held.				
Astra Ab ADS 1.666 additional ADS for each share held on class A&B.				
Decorator Ind 5 for 4 split.				
Interpublic Grp 3 for 2 split.				
Tuesday Morning 3 for 2 split.				
REVERSE STOCK SPLIT				
Am Pacific Bk 1 for 4 reverse split.				
Intl Basic Res 1 for 30 reverse split.				
INCREASED				
AMCOL Intl	Q	.08	5-26	6-6
Bedford Prop Inv	Q	.27	6-30	7-15
Nthn States Fin	S	1.15	5-16	6-1

Company	Per	Amt	Rec	Pay
INITIAL				
Decorator Ind n	-	.07	6-4	6-13
REGULAR				
Arrow Intl	Q	.045	5-31	6-16
Champion Ind	Q	.05	6-6	6-27
Dart Group A.	Q	.0333	5-28	6-13
Fst Merchants	Q	.24	6-6	6-20
Haagen,Alex	Q	.36	6-30	7-18
Halifax Corp	Q	.05	5-27	6-10
Ingles Mkts A.	Q	.165	7-3	7-14
Kilroy Realty	Q	.3875	6-30	7-10
Kleinwrth Ben Aus	M	.065	6-3	6-16
Mid Am	Q	.16	6-2	6-30
Omnicare Inc	Q	.0175	6-3	6-13
Power Corp Cda g	Q	.20	6-9	6-30
Provident Bncp	Q	.16	5-23	5-30
Sierra Pac Res	Q	.31	7-17	8-1
Transamerica Inco	M	.16	5-30	6-15
US Lime	Q	.025	6-2	6-16
Varian Assoc	Q	.09	6-6	7-1
Windmere-Dur	Q	.05	6-3	6-17
Wireless Telecom	Q	.05	6-23	7-1

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration. a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

May 19, 1997

	High	Low	Latest	Chge	Opint
Grains					
CORN (CBOT) 5,000 bu minimum- cents per bushel					
May 97	293½	287	293¼	+5	2,558
Jul 97	285	281½	284½		126,939
Sep 97	268½	266¼	268¼	-¾	28,115
Dec 97	266	263	265½	-¾	111,457
Mar 98	274½	272½	274½	-1½	1,169
Jul 98	278½	276½	278½	-1½	2,855
Dec 98	270¾	268½	270¼	-1½	12,030
Est. sales N.A. Fri's. sales 51,347					
Fri's open int 288,449 up 1972					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
May 97	306.40	299.30	306.40	+3.50	2,641
Jul 97	292.00	284.30	291.80	+3.00	51,328
Aug 97	276.70	269.50	276.30	+2.20	16,017
Sep 97	257.00	253.00	257.00	+0.40	9,021
Jan 98	225.50	223.00	225.00	-2.00	1,670
Mar 98	221.00	219.00	220.50	-1.50	1,755
Est. sales N.A. Fri's. sales 22,939					
Fri's open int 111,874 up 724					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
May 97	23.67	23.42	23.55	-0.19	201
Jul 97	23.94	23.60	23.80	-0.17	49,819
Aug 97	24.10	23.81	23.98	-0.17	14,179
Sep 97	24.23	23.95	24.11	-0.18	8,498
Jan 98	24.62	24.50	24.55	-0.07	847
Mar 98	24.90	24.80	24.80	-0.15	171
Est. sales N.A. Fri's. sales 14,357					
Fri's open int 100,154 off 258					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
May 97	868	856	867½	+¾	1,213
Jul 97	867	852	866	+1½	97,195
Aug 97	838	822½	837½	+4½	21,655
Jan 98	708½	700	700	-14	4,496
Mar 98	713	706	706	-13	902
Est. sales N.A. Fri's. sales 62,890					
Fri's open int 184,330 up 327					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
May 97	392	385	392	+5	92
Jul 97	395½	385	394¾	+6	50,749
Sep 97	402	393	401¼	+5¼	12,704
Mar 98	412½	406	412½	+4½	1,282
Est. sales N.A. Fri's. sales 14,874					
Fri's open int 82,767 off 6					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Jun 97	65.85	65.32	65.82	+0.37	31,215
Aug 97	65.55	65.07	65.52	+0.30	35,651
Oct 97	69.10	68.62	69.00	+0.15	17,095
Dec 97	71.07	70.70	71.00	+0.05	9,518
Feb 98	71.17	70.77	71.07	+0.07	5,169
Apr 98	72.87	72.70	72.87	+0.07	1,649
Est. sales 10,087 Fri's. sales 10,003					
Fri's open int 100,289 up 58					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
May 97	76.55	76.30	76.47	+0.12	2,635
Aug 97	77.60	76.92	77.47	+0.65	10,517
Sep 97	77.17	76.65	77.15	+0.67	2,015
Jan 98	79.55	79.35	79.55	+0.40	393
Mar 98	78.80	78.75	78.80	+0.35	88
Apr 98	79.10	78.75	79.00	+0.45	58
Est. sales 2,168 Fri's. sales 3,310					
Fri's open int 20,443 off 5					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Jun 97	81.62	80.70	81.50	+0.45	14,141
Jul 97	82.92	82.10	82.62	+0.22	10,218
Aug 97	80.70	79.95	80.25	-0.20	7,462
Feb 98	70.00	69.45	69.92	+0.10	1,538
Apr 98	66.80	66.38	66.60	+0.05	745
Est. sales 9,573 Fri's. sales 14,125					
Fri's open int 43,482 off 938					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
May 97	88.00	86.65	88.00	+0.80	298
Feb 98	74.85	74.00	74.30	+1.12	385
Mar 98			72.75		11
Est. sales 3,021 Fri's. sales 3,985					
Fri's open int 8,868 up 47					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Jul 97	1480	1458	1477	+10	30,734
Sep 97	1507	1485	1504	+11	13,420
Dec 97	1534	1519	1534	+15	18,237
May 98			1581	+164	8,566
Jul 98			1601	+12	502
Mar 98	1559	1544	1559	+12	20,482
Est. sales 3,003 Fri's. sales 10,445					
Fri's open int 30,778 off 63852					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
May 97	280.00	255.25	255.25	-21.25	120
Jul 97	257.00	243.25	246.25	-6.90	15,259
Sep 97	229.00	219.00	220.00	-6.35	7,807
Dec 97	203.00	195.00	195.65	-5.35	4,983
Mar 98	188.00	172.00	183.00	-3.80	1,935
Est. sales 6,656 Fri's. sales 13,141					
Fri's open int 93,383 up 62728					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Jul 97	11.01	10.94	10.98	+0.01	72,421
Oct 97	10.80	10.76	10.79	-0.01	41,103
May 98	10.68	10.67	10.68		5,906
Mar 98	10.76	10.71	10.74	+0.01	24,227
Est. sales 5,448 Fri's. sales 8,430					
Fri's open int 147,364 off 842					

	High	Low	Latest	Chge	Opint
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Jul 97	86.75	83.25	85.70	+0.80	16,234
Jan 98	92.00	89.50	91.50	+0.50	1,560
Mar 98	94.00	92.70	93.55	+0.55	1,010
Jan 99			103.55	+0.55	1
Est. sales N.A. Fri's. sales 5,785					
Fri's open int 29,503 up 130					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
May 97	342.50	340.20	341.20	-2.70	1
Jun 97	345.30	340.70	342.20	-2.70	59,720
Jul 97			343.50	-2.80	
Aug 97	348.20	343.30	344.80	-2.90	21,885
Oct 97	349.50	346.10	347.40	-2.90	6,837
Dec 97	353.00	349.20	350.40	-2.90	22,875
Jun 98	358.50	358.30	358.50	-3.00	6,793
Feb 98			353.20	-2.90	4,491
Apr 98	355.70	355.50	355.70	-3.00	3,780
Est. sales N.A. Fri's. sales 38,349					
Fri's open int 157,180 up 2350					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
May 97	117.80	116.10	116.50	-0.50	1,783
Jun 97	117.40	115.80	116.25	-0.45	3,360
Jul 97	117.20	115.50	115.85	-0.35	32,728
Aug 97	114.40	113.50	113.60	-0.25	1,706
Sep 97	112.70	111.50	111.80	+0.15	6,363
Jan 98	105.50	105.40	105.50	+0.45	507
Feb 98	104.70	104.25	104.25	+0.45	477
Mar 98	103.05	103.00	103.00	+0.45	1,473
Apr 98			102.00	+0.45	297
Est. sales N.A. Fri's. sales 4,325					
Fri's open int 59,597 up 415					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
May 97	468.40	463.50	468.40	+2.40	102
Jun 97			469.00	+2.00	2
Jul 97	472.00	462.50	471.30	+2.00	59,558
Sep 97	477.00	467.50	476.30	+2.00	6,035
Dec 97	483.50	475.00	483.50	+2.00	7,171
May 98	496.00	493.00	496.00	+1.90	2,706
Jan 98			485.80	+2.00	17
Mar 98	491.10	485.00	491.10	+2.00	7,543
Est. sales N.A. Fri's. sales 30,829					
Fri's open int 89,153 up 5123					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 97	392.90	385.50	391.20		14,658
Oct 97	393.00	386.50	391.80	-0.30	3,836
Jan 98	395.00	394.00	394.00	-0.30	1,161
Est. sales N.A. Fri's. sales 1,322					
Fri's open int 19,659 off 31					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1643.00	1644.00	1650.00	1651.00
Forward	1660½	1661½	1669.00	1670.00
Copper Cathodes (High Grade)				
Spot	2556½	2558½	2552.00	2554.00
Forward	2479.00	2480.00	2469.00	2470.00
Lead				
Spot	613½	614½	619.00	620.00
Forward	625.00	626.00	630.00	631.00
Nickel				
Spot	7745.00	7755.00	7705.00	7715.00
Forward	7855.00	7860.00	7815.00	7820.00
Tin				
Spot	5705.00	5710.00	5735.00	5745.00
Forward	5750.00	5760.00	5780.00	5790.00
Zinc (Special High Grade)				
Spot	1323.00	1324.00	1326.00	1327.00
Forward	1344.00	1345.00	1346½	1347½

	High	Low	Close	Chge	Opint
Financial					
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Jun 97	94.72	94.69	94.70	-0.03	5,682
Sep 97	94.50	94.48	94.48	-0.01	4,691
Dec 97			94.48		847
Est. sales N.A. Fri's. sales 248					
Fri's open int 10,373 up 18					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Jun 97	105-30	105-21	105-24	-03	217,042
Sep 97	105-17	105-09	105-11	-03	12,351
Dec 97	105-02	104-58	104-58	-05	171
Est. sales 21,000 Fri's. sales 31,193					
Fri's open int 229,564 off 6257					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Jun 97	107-12	107-04	107-08	-01	302,514
Sep 97	106-29	106-23	106-25	-01	50,686
Mar 98			105-31	-01	1
Est. sales 30,178 Fri's. sales 57,295					
Fri's open int 355,093 off 772					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Jun 97	110-03	109-23	109-29	-02	460,779
Sep 97	109-22	109-11	109-16	-02	78,340
Mar 98			108-26	-02	2,063
Mar 99			107-23	-02	21
Est. sales 120,000 Fri's. sales 295,972					
Fri's open int 560,658 off 31449					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Jan 98			93.79	-0.02	114
Feb 98			93.73	-0.02	9
Mar 98			93.68	-0.01	130
Est. sales N.A. Fri's. sales 4,152					
Fri's open int 47,392 up 79					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Jun97	113-26	113-11	113-14	-0-11	216,865
Sep97	114-02	113-27	113-22	-0-12	13,260
Est. sales: 44,132. Prev. sales: 69,657					
Prev. open int.: 230,125 off 3,383					

	High	Low	Latest	Chge	Opint
GERMAN GOVERNMENT BUND (LIFFE) DM250,000 - pts of 100 pct					
Jun97	101.95	101.52	101.54	-0.33	269,869
Sep97	100.90	100.53	100.53	-0.33	31,031
Est. sales: 60,574. Prev. sales: 209,874					
Prev. open int.: 300,900 up 9,141					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Jun97	131.10	130.11	130.77	+0.62	113,462
Sep97	131.46	131.02	131.37	+0.63	10,415
Est. sales: 62,577. Prev. sales: 66,704					
Prev. open int.: 123,877 off 1,466					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
May 97			94.17		37,066
Jun 97	94.09	94.08	94.09	-0.01	464,719
Jul 97	94.02	94.01	94.02		9,195
Sep 97	93.89	93.87	93.88	-0.01	460,574
Dec 97	93.69	93.67	93.67	-0.01	342,479
Jun 98	93.48	93.46	93.47	-0.01	231,468
Sep 98	93.40	93.37	93.38	-0.01	173,860
Dec 98	93.29	93.26	93.27	-0.01	125,541
Jun 99	93.24	93.21	93.22	-0.01	79,975
Sep 99	93.20	93.17	93.18	-0.01	64,484
Dec 99	93.12	93.09	93.10	-0.01	60,534
Mar 00	93.12	93.09	93.10	-0.01	54,599
Est. sales N.A. Fri's. sales 413,677					
Fri's open int 2,723,092 up 24840					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Jun 97	1.6422	1.6324	1.6396		38,084
Sep 97	1.6400	1.6330	1.6372		1,333
Mar 98			1.6200		
Est. sales N.A. Fri's. sales 7,434					
Fri's open int 39,528 off 495					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Jun 97	.7317	.7293	.7307		62,594
Sep 97	.7357	.7335	.7351		7,530
Mar 98			.7423		844
Est. sales N.A. Fri's. sales 20,451					
Fri's open int 72,411 off 574					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Jun 97	.5935	.5853	.5868		78,385
Sep 97	.5926	.5894	.5908		3,860
Mar 98			.5992		122
Est. sales N.A. Fri's. sales 17,150					
Fri's open int 82,858 off 746					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Jun 97	.8734	.8625	.8683		81,618
Sep 97	.8800	.8742	.8800		4,188
Mar 98			.9038		11
Est. sales N.A. Fri's. sales 27,160					
Fri's open int 86,575 up 1462					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Jun 97	.7083	.7010	.7030		44,591
Sep 97	.7133	.7084	.7104		2,886
Mar 98			.7259		50
Est. sales N.A. Fri's. sales 18,004					
Fri's open int 47,960 up 432					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Jun 97	.12540	.12510	.12537		18,622
Sep 97	.12080	.12055	.12077		9,717
Mar 98	.11220	.11200	.11220		1,387
Est. sales N.A. Fri's. sales 2,932					
Fri's open int 36,402 up 17					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
May97	N.T.	N.T.	96.84	+0.02	5,820
Jun97	96.80	96.79	96.79	-0.01	233,856
Jul97	96.77	96.77	96.78	+0.01	1,424
Sep97	96.75	96.73	96.73	-0.01	206,535
Dec97	96.63	96.59	96.60	-0.01	235,377
Mar98	96.49	96.46	96.46	-0.02	202,822
Jun98	96.32	96.29	96.29	-0.02	152,620
Sep98	96.11	96.08	96.08	-0.03	121,397
Dec98	95.87	95.83	95.84	-0.03	84,466
Mar99	95.64	95.60	95.61	-0.03	69,259
Jun99	95.40	95.38	95.38	-0.02	35,786
Sep99	95.15	95.15	95.14	-0.02	28,680
Dec99	N.T.	N.T.	94.89	-0.02	31,461
Est. sales: 47,581. Prev. sales: 120,472					
Prev. open int.: 1,435,257 up 8,081					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Jun97	93.47	93.45	93.46	-0.01	119,641
Sep97	93.23	93.21	93.22	-0.02	111,889
Dec97	93.06	93.02	93.03	-0.03	96,589
Mar98	92.93	92.90	92.90	-0.04	62,425
Jun98	92.85	92.81	92.81	-0.05	43,378
Sep98	92.79	92.75	92.76	-0.04	32,223
Dec98	92.75	92.71	92.73	-0.04	25,700
Mar99	92.74	92.70	92.70	-0.03	18,404
Jun99	92.72	92.66	92.69	-0.03	11,247
Sep99	92.70	92.65	92.67	-0.04	9,159
Est. sales: 19,571. Prev. sales: 31,874					
Prev. open int.: 539,908 up 1,047					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Jun97	93.40	93.31	93.39	+0.07	106,401
Sep97	93.73	93.66	93.72	+0.07	89,457
Dec97	93.87	93.80	93.85	+0.06	53,112
Mar98	93.97	93.85	93.91	+0.06	34,911
Jun98	93.93	93.86	93.92	+0.07	25,475
Sep98	93.89	93.82	93.88	+0.08	8,163
Dec98	93.85	93.81	93.84	+0.09	2,055
Mar99	93.74	93.74	93.75	+0.08	1,764
Est. sales: 30,584. Prev. sales: 36,289					
Prev. open int.: 321,838 up 118					
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Jul 97	73.30	72.30	72.38	-0.46	37,960
Oct 97	74.55	73.80	73.95	-0.43	3,716
Dec 97	75.40	74.70	74.80	-0.43	25,237

	High	Low	Latest	Chge	Opint
Mar 98	76.60	76.00	76.05	-0.40	3,598
May 98			74.85	-0.25	142
Est. sales N.A. Fri's. sales 7,303					
Fri's open int 73,692 up 123					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Jun 97	58.60	57.70	57.92	-0.55	24,343
Jul 97	58.50	57.85	58.05	-0.52	36,158
Aug 97	58.90	58.35	58.45	-0.42	18,051
Sep 97	59.20	58.90	59.00	-0.42	10,114
Oct 97	59.80	59.40	59.60	-0.42	8,234
Jan 98	61.35	60.80	61.00	-0.42	7,978
Feb 98	60.90	60.50	60.55	-0.42	3,694
Mar 98	59.25	59.10	59.15	-0.42	4,534
Apr 98	57.85	57.70	57.70	-0.42	1,942
Est. sales N.A. Fri's. sales 27,238					
Fri's open int 138,372 up 1164					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Jun 97	22.07	21.36	21.50	-0.62	32,385
Jul 97	22.15	21.81	21.86	-0.32	103,722
Jan 98	21.25	21.15	21.20	-0.19	15,194
Feb 98	21.20	21.10	21.10	-0.22	7,585
Mar 98			21.25		4,484
Apr 98	21.10	21.10	21.10	-0.08	4,183
Jan 99			20.79		6,327
Feb 99			20.79		2,840
Mar 99			20.79		[illegible]
Apr 99			20.79		
Est. sales N.A. Fri's. sales 143,368					
Fri's open int 414,639 up 13077					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Jun 97	2.280	2.180	2.215		29,453
Jul 97	2.300	2.210	2.246		30,472
Jan 98	2.505	2.460	2.470		11,858
Feb 98	2.390	2.370	2.380		8,227
Mar 98	2.275	2.235	2.235		6,298
Apr 98	2.105	2.080	2.080		3,533
Jan 99			2.377		2,148
Feb 99	2.310	2.310	2.310		1,946
Mar 99			2.222		2,224
Apr 99	2.104	2.095	2.095		1,882
Est. sales N.A. Fri's. sales 35,749					
Fri's open int 1 off 204334					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Jun 97	65.95	65.05	65.10	-0.77	36,892
Jul 97	65.00	64.20	64.30	-0.53	31,158
Aug 97	63.85	63.30	63.40	-0.33	10,869
Sep 97	62.75	62.20	62.65	+0.12	4,434
Oct 97	60.50	60.35	60.40	-0.03	3,129
Nov 97	59.90	59.75	59.75	+0.12	1,833
Dec 97	59.50	59.50	59.50	+0.27	3,984
Est. sales N.A. Fri's. sales 30,384					
Fri's open int 94,697 up 2790					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Jun 97	178.25	175.75	177.75	+4.75	24,668
Jul 97	179.50	177.00	179.25	+4.75	11,078
Aug 97	181.00	180.00	181.00	+4.75	7,780
Sept 97	182.50	181.75	182.75	+4.75	3,420
Oct 97	183.75	183.50	184.50	+4.75	4,102
Nov 97	185.25	185.00	185.75	+4.75	1,664
Dec 97	185.75	185.50	186.50	+4.75	7,953
Jan 97	186.50	186.00	186.50	+4.25	1,668
Est. sales: 12,479. Open int.: 64,826 up 62					
Stock Indexes					
S&P COMP. INDEX (CMER) 500 x index					
Jun 97	840.00	830.50	836.30	+4.25	185,091
Sep 97	848.10	848.50	845.80	+5.20	9,992
Mar 98			859.10		989
Est. sales N.A. Fri's. sales 73,030					
Fri's open int 199,121 up 1024					
FTSE 100 (LIFFE) £25 per index point					
Jun97	4702.0	4677.0	4657.0	-45.0	69,289
Sep97	4725.0	4725.0	4690.0	-44.0	4,248
Dec97	N.T.	N.T.	4736.0	-43.0	392
Est. sales: 8,211. Prev. sales: 14,092					
Prev. open int.: 73,929 off 1,789					

Commodity Indexes

	Close	Previous
Moody's	1,613.80	N.A.
Reuters	2,007.60	2,017.40
D.J. Futures	163.16	164.39
CRB	253.14	254.89

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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Herald Tribune — THE WORLD'S DAILY NEWSPAPER

Philippines Gets Vote of Confidence

Moody's Lifts Rating On Its Foreign Debt

Bloomberg News

MANILA — Moody's Investors Service Inc. on Monday raised its rating on Philippine foreign debt to a step below investment grade, giving the country's economy a vote of confidence as its financial markets struggle.

The rating agency said the country's financial reforms, budget surpluses, and openness to foreign investment boded well for its economy and ability to repay creditors.

The rating upgrade to Ba1 from Ba2 paves the way for Philippine companies and the government to benefit from lower borrowing costs. The Philippines were saddled with $-.3 billion of foreign debt at the end of September.

"Moody's did the right thing," said Michael Moorman, general manager of ABN-AMRO Bank NV's Manila office. "What's happening in financial markets is not indicative of what's happening in the country."

Investor concern that the Philippines might be next in line to suffer a Thailand-style financial crisis has led to an attack on the peso, shoved overnight borrowing rates to 20 percent and pummeled the stock market to a 17-month low.

The administration of President Ramos has placed the Philippines on the path of sustainable growth and has substantially reduced sources of political instability," Moody's said.

The Philippines' gross domestic product grew 5.5 percent in 1996, its fastest pace in seven years.

Moody's also lifted ratings for 11 Philippine banks and National Power Corp., the state utility that is the country's largest generator of electricity.

Moody's had placed the nation's rating on review for a possible upgrade in January. Monday's action followed Standard & Poor's Corp.'s move in February to raise the country's rating to BB+, also one step away from investment grade.

Still, fund managers said it would take more than Moody's to change foreign investors' perceptions.

Many analysts say the Philippines' widening trade deficit, its overheated property market and a surge in dollar-denominated loans are reasons for concern.

'Headway' on South Korean Reform

Q & A / Seung Soo Han

Seung Soo Han, an economist who is a former South Korean deputy prime minister and has been a proponent of structural reforms in his country's economy, recently visited the United States and Europe to confer privately on matters ranging from Korean reunification to economic and trade policy. In Paris, Mr. Han, who is now a national legislator, talked with Jonathan Gage and Joseph Fitchett of the International Herald Tribune.

Q. South Korea has seen a series of spectacular financial failures lately; are you worried that this is a danger signal of larger problems for your economy?

A. Some people do think we're in crisis, and indeed our economy does have some problems, both in this cycle and in structural terms. But we're making headway on some of these issues — for example, the labor laws passed in March — and with arrangements to provide bridging finance for any bank that gets into trouble because of a shortage of liquidity. So in the short run, I don't think we'll have any insurmountable problem.

•

Q. When will Korean reunification come, and what are you doing to prepare for it?

A. No one can say when, but the burden will be so enormous that we hope the international community will come to our assistance to smooth the process. I talked about this in Washington, and Michel Camdessus, the head of the International Monetary Fund, said the IMF will be there to help. Compared with Germany, our burden will be heavier. To feed every new German coming from the East, there were four West Germans. There are only two South Koreans for every North Korean. The disparities between national incomes was 5 to 1 between the two Germanys; it's 10 to 1 between us and the North.

•

Q. Maybe South Koreans don't want reunification at such high cost?

A. I don't know where you could have got that idea. It is a deep national aspiration, perhaps even stronger between Koreans than it was in Germany.

Q. How has Daewoo taken its rebuff in France, where the authorities withdrew approval for a takeover of Thomson Multimedia? Was it a big blow for Daewoo?

A. Well, the head of Daewoo Electronics said the other day that Daewoo's sales in Europe have risen 30 percent in the last six months, apparently because the publicity helped in making the company slightly famous. But it was a cold shower because we thought it was private deal, so we were surprised when public opinion turned against Daewoo.

I don't quite know what happened, but we wondered whether the same thing would have happened in the case of an American or British company.

A cabinet minister told me here in Paris that certain sections of society turned against it but that the French government wasn't behind the cancellation, even though it was done by an official committee.

Q. What happens next?

A. We would like to go on with our good relations with France, especially buying high-tech products such as the Airbus and the TGV train. But I told the French government's special representative when he visited Korea that in globalized society, many Korean companies are anxious to invest abroad and that I hope that they will not be deterred from investing in France by this episode.

I think that there will be a next stage of negotiations between Daewoo and Thomson, but I don't think it can happen before the French elections and perhaps not until next spring.

Q. South Korea itself has raised some questions about possible protectionist actions with its "frugality campaign" to dampen consumer spending. Will that hurt imports?

A. The situation is no longer like the old days when the government could tell everybody what to do. Now it's very difficult to influence private-sector activities, especially consumption; our society is very different from even a year ago.

Some Westerners, even some experts, still think that the Korean government can get behind a movement of this sort and make it work. But what happened was that public opinion saw our growth slowing and our trade gap widening, so private-sector organizations came out with the idea of a frugality campaign to meet this worry. The government is not behind this campaign at all.

There are some stories about customs officials raising some technicalities with some imported goods, but it has nothing to do with this frugality campaign. And I don't think this kind of movement will affect the total size of our trade at all.

•

Q. You don't think the frugality campaign will affect the ability of foreign companies to enter the Korean market?

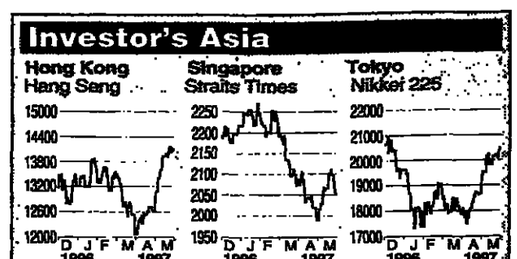
A. Not at all. Our trade deficit doubled in the first quarter this year. And to quote the head of Daewoo again, he said the other day that our imports of Champagne have increased substantially in the last few months.

Q. What are the connotations in Korea of the word "globalization?"

A. In Western terminology, it may not mean much because of what you've already done — opened to the world, I mean. You participate in a global energy market, you travel globally. But for a country like Korea, "globalization" means you are becoming part of the world. In the process of opening, some people get grazed, in our country, too.

But we simply have to tell our educated people that history shows, since World War II, that you gain more prosperity in the long run, even though it is a strain, than by closing doors with protectionism.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	14,108.82	14,062.37	+0.33
Singapore	Straits Times	2,050.94	2,060.50	-0.46
Sydney	All Ordinaries	2,531.00	2,536.10	-0.20
Tokyo	Nikkei 225	20,489.75	20,324.73	+0.81
Kuala Lumpur	Composite	1,041.39	1,041.91	-0.05
Bangkok	SET	577.10	561.18	+2.84
Seoul	Composite Index	721.29	699.53	+3.10
Taipei	Stock Market Index	8,107.54	8,081.79	+0.32
Manila	PSE	2,509.38	2,576.13	-2.59
Jakarta	Composite Index	552.55	557.07	-0.69
Wellington	NZSE-40	2,307.56	2,314.84	-0.31
Bombay	Sensitive Index	3,776.31	3,759.64	+0.44

Source: Telekurs International Herald Tribune

Very briefly:

- **Telekom Malaysia Bhd.** is holding talks with **Samart Corp.** about investing in the Thai telecommunications company, but it declined to confirm a report that it planned to buy a 20 percent stake in Samart for $200 million.
- **Singapore Airlines'** regional subsidiary, SilkAir, ordered eight narrow-body planes worth an estimated $350 million from Europe's **Airbus Industrie.** The carrier also took options to buy 10 more planes for $470 million.
- **Beijing Enterprises Holdings Ltd.'s** initial public offering was oversubscribed more than 50 times. The 150 million shares in the investment arm of Beijing's city government were priced at 12.48 Hong Kong dollars ($1.61) each, about one-third more than the initial price target.
- **Nikon Corp.'s** parent-company pretax profit dropped 12.2 percent, to 16.5 billion yen ($141.1 million), in the year that ended in March because of higher operating costs.
- **China** launched a nationwide clampdown on the illegal use of its rapidly dwindling supply of arable land for construction projects, major state dailies reported, quoting a notice from the State Council.
- **The Association of South East Asian Nations** plans to establish a so-called open investment area by the end of next year as part of the region's free-trade plan, a Malaysian official said. *Bloomberg, AFP*

Analysts See Thailand's Bet on Credit Curbs Paying Off

Compiled by Our Staff From Dispatches

SINGAPORE — Last week's move by the Bank of Thailand to curb speculation against the baht showed that the region's central banks were willing to change the rules of the game on capital flows even at the risk of scaring away investors; analysts and economists said it was probably a good bet.

"Of course it's not fair to investors, but it's the job of the central bank to look after the economy," said Angus Armstrong, an economist at Deutsche Morgan Grenfell. "Most people will accept this as an unusual move in an unusual circumstance."

After its currency plunged to an 11-year low against the dollar Wednesday, Thailand asked the country's banks to limit the supply of baht loans to offshore investors, making it prohibitively expensive for investors to bet against the baht. The moves sent the baht rallying to its biggest one-day gain in more than two years. On Monday, the central bank said the measures would remain in effect indefinitely.

The Thai stock market's main index rose 2.8 percent Monday, to 577.10 points, in response to the financial authorities' efforts to restore confidence.

The Thai baht, which fell as low as 26.50 to the dollar in the middle of last week, bringing concerted intervention by Southeast Asian central banks, closed Monday, in Bangkok at 25.36 to the dollar.

Separately, Thai exports rose 4.8 percent year-on-year in March, and export growth for the first four months of the year was estimated at 4.4 percent, the Bank of Thailand's governor, Rerngchai Marakanond, said. The commerce minister, Narongchai Akrasanee, said the trade deficit shrank 23 percent in the first three months of the year, compared with a year earlier, to 86.76 billion baht ($3.42 billion).

Thailand's exports in the first quarter rose 3 percent, to 365.42 billion baht, while imports fell 3.4 percent, to 452.18 billion baht, he said. *(Bloomberg, AFP)*

'B' Shares Bounce Back in China

Bloomberg News

SHANGHAI — Stock prices rebounded Monday amid doubts that a high-profile government campaign to dampen prices and crack down on industry abuses would be effective.

"Nothing has really happened, so investors aren't so nervous," Li Ting, an analyst at Shenyin & Wanguo Securities, said. Shanghai's B share index, which tracks shares available to foreign investors, rose 0.6 percent, to 84.95 points. Shenzhen's B share index climbed 4.9 percent, to 166.85.

Four companies offering A shares, or those available to domestic investors, resumed trading after being suspending last week as part of an inquiry into market manipulation.

Foreign Investment in China Shows First Slowdown in 7 Years

Bloomberg News

BEIJING — Foreign investment in China slowed in the first quarter for the first time in seven years, a sign that stiffer tax laws are deterring some investors, the State Statistics Bureau said Monday.

In the first three months of 1997, actual investment by foreign-funded enterprises dropped "about 5 percent" from a year earlier, said Zheng Jingping, deputy director of the State Statistics Bureau's department of integrated statistics. Foreign investment jumped tenfold in the past six years, making China the world's second-biggest recipient of foreign funds, after the United States.

The drop reflected China's decision to end some tax breaks for foreign-funded enterprises April 1, Mr. Zheng said. It may also indicate that China's combination of rising costs, slowing growth and low returns is dampening foreign interest.

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Strong Sales Help BA Post a Record Profit

Compiled by Our Staff From Dispatches

LONDON — British Airways PLC said Monday that pretax profit rose 9.4 percent in the year ended in March, to a record £640 million ($1.05 billion), as growth in air travel and cost cuts offset an increase in fuel prices and strength in the pound.

It was the second consecutive year of record profit for the airline, which attracted more higher-margin business-class and first-class passengers as world air travel increased.

The carrier's sales rose 7.7 percent, to £8.36 billion.

BA, however, did not remove the uncertainty hanging over its planned alliance with American Airlines Inc., the second-biggest U.S. carrier, which is still awaiting regulatory approval on both sides of the Atlantic.

BA's chairman, Sir Colin Marshall, said that the tie-up had been held up by "excessive scrutiny" in Brussels, Washington and London.

He called for the alliance to be given approval following the formation last week of a five-airline alliance, bringing United Airlines Inc. and Lufthansa AG, together with Scandinavian Airlines, Air Canada and Thai International.

"We must be allowed to compete on an equal basis," Sir Colin said. The BA-American alliance was announced last June and was scheduled to begin in April.

In a statement, Sir Colin said that the 17 percent increase in the value of the pound since August would hurt profit this year but would be offset by a decrease in fuel prices and by further improvements in efficiency.

"Economic conditions in British Airways' major markets are expected to produce continuing growth in demand for air travel during the next 12 months with the U.K. and U.S. economies still strong," he said.

The British airline said that a 20 percent rise in fuel prices had cost the company £142 million during the year. An exceptional charge of £127 million was also incurred to cover restructuring costs associated with BA's ongoing rationalization program.

But the company registered a surplus of £125 million by re-evaluating its holding in US Airways Inc. — reversing a 50 percent write-down — pending the sale of the stake.

Separately, Boeing Co. has not offered BA an exclusive airplane-purchasing agreement like those signed by some of its rivals, according to the airline's top executives.

The pacts, which give airlines a discount in return for buying all of their planes from Boeing, have raised concern among European Union regulators as they weigh whether to approve Boeing's planned acquisition of McDonnell Douglas Corp. *(AFP, Bloomberg)*

Bundesbank Warns EU Over 'Tricks'

Compiled by Our Staff From Dispatches

FRANKFURT — A top Bundesbank official warned European Union countries Monday not to rely on "accounting tricks" to satisfy the budgetary criteria for joining the single European currency and said greater political integration was necessary to make the monetary union a success.

"Short-term measures to massage the financial situation or accounting tricks which defer some of the deficit to the future will not only lead to a loss of confidence in the financial markets but will become obvious shortly after the beginning," Edgar Meister said in remarks prepared for the AD-EBA association of Argentine banks.

Last week, the government said it would seek legislation to allow a revaluation of the Bundesbank's gold and currency reserves. That is expected to produce a bookkeeping profit and help the government cut debt to 60 percent of GDP, as stipulated in the Maastricht treaty. *(AFX, Bloomberg)*

In Iran, Too, It's the Economy

Rising Prices and Jobs Are Big Issues in Presidential Vote

Reuters

TEHRAN — Iranian voters who will go the polls Friday to chose a new president have a clear message for the four candidates seeking election: Deal with the economy.

Rising prices and unemployment, especially among Iran's large youth population, are common complaints of Tehran residents, who will play a key role in choosing a successor to President Akbar Hashemi Rafsanjani after his two four-year terms.

All four candidates have woven remedies into their speeches. But will they have room for maneuver?

Such social issues as education and strict dress codes for women, as well as Iran's ties with the outside world, also are on some voters' minds. But for the majority of people, these matters remain secondary to the everyday worry of high prices.

"Inflation has put heavy pressure on people who have fixed salaries," a bank worker said. "Prices for housing, food and transport keep on going up. My salary does not."

Inflation, based on an index of commodities and services, was tamed to an official figure of around 25 percent in the last year, compared with 50 percent in other recent years.

Unemployment officially stands at 10 percent in this country of 60 million people. But this disguises underemployment and ignores the fact that some people take on second and third jobs to keep up with price increase, analysts said.

All four candidates in this week's election have woven economic remedies into their public speeches and articles. But given that Iran is in the third year of a five-year economic plan that runs until 2000, it is unclear how much room they will have for maneuver or what they will do with the country's annual oil earnings of $18 billion.

Tehran's large working class and its growing middle class, many of whom are on salaries or pensions fixed by the state, will be watching Mr. Rafsanjani's successor to see how he can help battle the high cost of living.

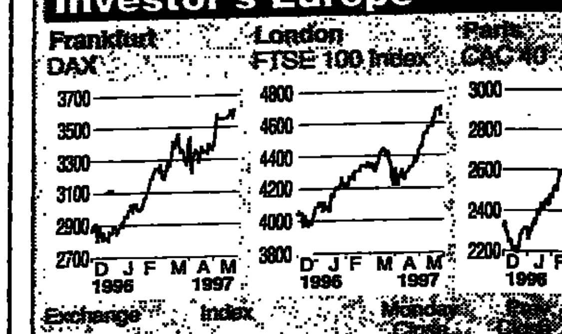
A retired health worker said his pension was 230,000 rials ($77) a month. "Ten years ago, half of this was enough," he said, "but now, even if it was doubled it would not cover my basic needs."

Inflation also has ravaged Tehran's housing and office-space markets, making it one of the world's most expensive cities for those with little hard foreign currency.

For men conscripted into military service and paid 20,000 rials a month, high prices mean that entertainment while on leave from the barracks is likely to be limited to strolling through parks.

One conscript who wanted to travel to his hometown, which was hit by a big earthquake last week, said he could not afford to do so: the cost, he said, would eat up three-quarters of his monthly pay.

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	Closed	[illegible]	[illegible]
Brussels	BEL-20	Closed	[illegible]	[illegible]
Frankfurt	DAX	Closed	[illegible]	[illegible]
Copenhagen	Stock Market	Closed	[illegible]	[illegible]
Helsinki	HEX General	3,029.12	[illegible]	[illegible]
Oslo	OBX	Closed	[illegible]	[illegible]
London	FTSE 100	4,645.20	[illegible]	[illegible]
Madrid	Stock Exchange	541.86	[illegible]	[illegible]
Milan	MIBTEL	12427	12500	[illegible]
Paris	CAC 40	Closed	[illegible]	[illegible]
Stockholm	SX 16	Closed	[illegible]	[illegible]
Vienna	ATX	Closed	[illegible]	[illegible]
Zurich	SPI	Closed	[illegible]	[illegible]

Source: Telekurs International Herald Tribune

Very briefly:

- **Britain's** revenue exceeded its spending by £36 million ($58.9 million) in April, countering expectations of a £1.5 billion deficit, as corporate and value-added tax receipts bolstered public finances.
- **National Westminster Bank PLC** said the NatWest Tower, the tallest building in London's financial district, would be renamed and leased out as small units under flexible leases.
- **Isuzu Motors Ltd.** of Japan agreed to invest 200 million Deutsche marks ($117.4 million) by mid-1999 to build an engine factory in southern **Poland.**
- **Goodyear Tire & Rubber Co.** said it had agreed to buy controlling stakes in two units of **Sava Group** of **Slovenia**: a 60 percent interest in Sava's tire business and a 75 percent stake in its engineered-products business.
- **Skoda Plzen AS**, the Czech Republic's largest engineering company, said it had signed a 1.5 billion koruny ($48.9 million) contract to supply a power and heating unit for **Plzenska Teplarenska AS**, a regional Czech heating utility.
- **Spain** cut its 1997 inflation target to 2.2 percent from a previously stated 2.6 percent.
- **General Electric Co.** of the United States said it had signed an agreement with **South Africa** to generate 2 billion rand ($446.8 million) in benefits to the country's economy through means such as direct investment and purchases of local goods.
- **Russia** said it would sell state holdings in six oil companies: VostSibNeftgaz, Vostoshnaya, Sibur, TNK, KomiTEK and Norsi-Oil.

Bloomberg, Reuters, AFX

Boots and BASF Sued for $8 Billion

Compiled by Our Staff From Dispatches

LONDON — Shares of Boots Co. fell Monday after it was disclosed that the company, along with BASF AG and a U.S. subsidiary, faced an $8.5 billion lawsuit alleging that they suppressed a report questioning the effectiveness of a thyroid drug.

The lawsuit alleges that Boots, BASF and Knoll Pharmaceutical Co. concealed a seven-year university study that concluded that their thyroid drug, Synthroid, was no better than cheaper generic brands at treating people suffering from hypothyroidism.

The lawsuit, which was filed in U.S. District Court in San Francisco, sent shares of the British drugstore chain down as much as 2.8 percent. The shares closed down 23 pence (38 cents) at 707 pence in London.

Martin Wakeling, a Boots spokesman, dismissed the case as "totally fanciful" and added, "We have dealt with that issue entirely."

He referred further calls to the BASF unit, Knoll Pharmaceutical, in New Jersey. Executives there were not available for comment.

A Knoll spokeswoman, Hilary Vaughan-Thomas, has said that the University of California report "contained such serious flaws that it did not support its conclusions."

A BASF representative said the suit was unfounded and the amount of damages sought "grotesquely excessive." He declined to comment further.

BASF shares did not trade Monday because of a public holiday in Germany.

An estimated 8 million Americans suffer from hypothyroidism, a condition caused by an underactive thyroid gland. The gland, located in the neck, produces a hormone called thyroxine that regulates the body's metabolism. People with hypothyroidism must receive thyroxine to survive. The vast majority of people with hypothyroidism take Synthroid. Boots's pharmaceutical division, which developed Synthroid, was sold to Knoll in 1995. Knoll controls 84 percent of the $600 million levothyroxine market in the United States, the suit said. *(Bloomberg, Reuters)*

At Center Stage in Cannes: Marketing and 'Hype'

By Richard Covington
Special to the Herald Tribune

CANNES — Didier Benoit may not have been one of the movie stars mounting the steps of the Palais des Festivals here, but the 50th anniversary of the Cannes film festival still gave him cause to rejoice.

As the president of the local union of hotel owners, Mr. Benoit saw demand for hotel rooms shoot up 30 percent compared with last year's festival. In the 12 days of the festival that ended Sunday, the members of the union realized 12 percent to 15 percent of their yearly revenue, an amount totaling 10 million francs ($1.75 million), he said.

Altogether, the festival pumped some 600 million francs into the local economy, according to the festival's president, Pierre Viot.

Hits come and flops go, but in Cannes at festival time, marketing is forever. Commemorative books, magazines, CD-ROMs, teddy bears and "Casablanca"-style hats were just the tip of the mountain of promotional spin-offs from the festival.

"Hype is the most important product at Cannes," said William Roedy, president of MTV Europe. MTV threw a $100,000 bash to promote "Beavis and Butt-head Do America," a film that opened in December in the United States but was not even shown during the festival.

There were three on-line sites devoted to the festival. Canal Plus SA, the French pay-TV network and one of the largest film producers in France, created a television channel devoted to the Cannes extravaganza, injecting 30 million francs' worth of television coverage, and sponsored the opening and closing ceremonies and other events.

Other corporate partners jockeyed for exposure in what one commentator called "France's Super Bowl," lending their limousines, jewelry, portable phones and couture creations, pouring their champagne and serving snack foods in sometimes discreet, sometimes brazen grabs for the publicity limelight.

Intel Corp. got in on the act with a demonstration of an interactive personal-computer theater that the computer-chip maker billed as the wave of the future for home-entertainment centers.

Then there were the parties. One party alone — the beachside bash aboard a replica of a floating spaceship to promote the French director Luc Besson's science-fiction epic "The Fifth Element" — cost Gaumont SA, the film's producer, well in excess of $500,000, a figure that Nicholas Seydoux, the film company's chief executive, described as a promotional bargain.

Another intimate dinner for 650 stars, directors and other film folk, along with a solid-gold award for the director Ingmar Bergman and half of the bill for the evening's performance spectacular, cost the jeweler Cartier 2 million francs, according to a company representative.

While the festival splashily traded in glamour and cinematic artistry, around 4,000 film buyers, producers and sales agents — or a bit more than a tenth of the 35,000 participants — eagerly flocked to a separate film market to pursue the deals that drive the industry. Negotiating terms of projects that ranged from little more than two-page synopses to finished films, executives signed deals worth 3 billion to 5 billion francs, according to Jerome Paillard, managing director for the film market.

More difficult to measure than party expenses and hotel charges are the financial benefits of winning a major festival award. Unlike the Academy Awards, which honor movies already in release, films in competition at Cannes are being publicly screened for the first time and have no box-office figures.

"Any attempt to say that winning an award at Cannes multiplies a film's revenue is pure guesswork," Mr. Seydoux said.

YEN: *Not Even Japan Fears Currency's Rise*

Continued from Page 13

The Finance Ministry says it does not use such an optimal range for policy-making purposes, and its economists refrain from researching such topics.

Kenji Yumoto, an economist with the Japan Research Institute, says that the most optimum range of the yen for Japan's manufacturing is from 110 yen to 123 yen to the dollar. Based on a complex econometric model, he discovered that when the yen starts depreciating beyond 123 to the dollar, the prices of imported parts and materials used in domestic and export manufacturing take a toll on the industry.

At 137 yen to the dollar, he adds, the industry is worse off than when the yen is at 110. Thus, the current level of about 116 would still be advantageous for export manufacturing.

In fact, exporters surveyed earlier this year by the Economic Planning Agency say that they have been able to cut costs and refine their operations so that they can make money even as the yen strengthens. Thus, with the yen weakening over the past few months, the biggest injury has been to importers, consumers who like foreign brands, and domestic companies like supermarkets that use imported goods. Though such companies usually hedge their exposure to currency risk, protracted weakness bites into prices sooner or later.

"Supermarkets usually buy futures contracts six months forward, and if the 125 yen range persisted, the unit price of imports would have gone up significantly," said Masaei Kasahara, an official at Japan Chain Store Association. "As it was, it was going to begin showing up in sales prices six months from now."

"If the rate stayed at a weak level, it would have been a big blow to us," he added. "But the problem is that when the yen appreciated rapidly, the government pressures us to do 'high-yen' sales to bring in benefits to consumers. On the other hand, they don't tell us to raise our prices when the yen swings toward weakness."

WORLD STOCK MARKETS

Monday, May 19
Prices in local currencies.
Telekurs

Markets Closed

Most stock markets in Europe and Canada were closed Monday for a holiday.

Bangkok
SET index: 577.18 Previous: 561.19

	High	Low	Close	Prev.
Adv Info Svc	175	168	172	175
Bangkok Bk F	208	202	202	196
Krung Thai Bk	29	27.25	29	26.50
PTT Explor	328	318	328	320
Siam Cement F	562	546	558	536
Siam Com Bk F	138	130	135	129
Telecomasia	32.75	30.50	32.25	30
Thai Airways	38	37	37.50	37
Thai Farm Bk F	123	119	122	116
Utd Comm	121	112	115	118

Bombay
Sensex 30 index: 3778.31 Previous: 3759.61

	High	Low	Close	Prev.
Bajaj Auto	919	851	866	870.75
Hindust Lever	1074	1057.75	1059	1070
Hindust Petm	426	420.25	426	421
Ind Dev Bk	88.50	87	88.50	88
ITC	454.75	442	448.50	442
Mahanagar Tel	286	278.50	280	281.25
Reliance Ind	301.50	296	297.25	294.25
State Bk India	314.50	307	311	304
Steel Authority	20.50	20	20.25	20
Tata Eng Loco	404.75	395.25	402	393.25

Helsinki
HEX General index: 3029.12 Previous: 3064.54

	High	Low	Close	Prev.
Enso A	45.50	45	45.50	45.90
Huhtamaki I	240	238	238	240
Kemira	50	49.50	50	50
Kesko	74	73.20	73.70	73.70
Merita A	17.90	17.60	17.80	18
Metra B	140.50	138	140	140
Metso-Serla B	41	40.50	41	41.50
Neste	137	135	135	138
Nokia A	336	331	334	339
Orion-Yhtymae	201.50	201	201	201.50
Outokumpu A	104	102	104	105.10
UPM-Kymmene	122	121.70	122	123.40
Valmet	88	87.10	88	88

Hong Kong
Hang Seng: 14188.82 Previous: 14062.37

	High	Low	Close	Prev.
Amoy Props	8.45	8.30	8.35	8.40
Bk East Asia	28.20	27.90	28.15	28.15
Cathay Pacific	12	11.90	11.95	12
Cheung Kong	79.25	76.50	79	77
CK Infrastruct	22.30	22.10	22.20	22.30
China Light	37.40	36.90	37.30	37
Citic Pacific	43.20	42.20	42.60	42.80
Dao Heng Bk	38.40	38.20	38.20	38.30
First Pacific	9.80	9.55	9.75	9.50
Hang Lung Dev	14.70	14.60	14.60	14.70
Hang Seng Bk	92	89.75	90	92
Henderson Inv	8.75	8.65	8.75	8.80
Henderson Ld	73.25	71	73.25	72
HK China Gas	12.60	12.45	12.60	12.55
HK Electric	27.65	27.40	27.50	27.70
HK Telecomm	15.75	15.40	15.65	15.50
Hopewell Hldgs	4.08	4	4.03	4
HSBC Hldgs	220	216	218	220
Hutchison Wh	62	60.75	62	61.50
Hyson Dev	24	23.50	23.80	23.60
Johnson El Hdg	23.90	23.30	23.50	24
Kerry Props	18.60	18.50	18.55	18.55
New World Dev	49.30	48.20	49.10	48.70
Oriental Press	2.65	2.63	2.63	2.65
Pearl Oriental	3.15	3.08	3.10	3.13
SHK Props	96.25	93	96.25	94
Shun Tak Hdgs	4.90	4.83	4.90	4.85
Sino Land Co.	8.35	8.10	8.35	8.15
Sth China Post	7.10	7.05	7.10	7.10
Swire Pac A	63.25	62	63	62.50
Wharf Hdgs	31.30	30.50	31.10	30.60
Wheelock	18.60	18.25	18.50	18.35

Jakarta
Composite index: 652.55 Previous: 657.87

	High	Low	Close	Prev.
Astra Intl	6050	6050	6050	6150
Bk Intl Indon	1800	1750	1800	1775
Bk Negara	1500	1475	1500	1500
Gudang Garm	9750	9650	9675	9725
Indocement	2975	2950	2950	3025
Indofood	5050	5000	5050	5050
Indosat	6900	6725	6900	6800
Sampoerna HM	9625	9300	9400	9700
Semen Gresik	5500	5275	5300	5575
Telekomunikasi	3650	3600	3625	3675

Johannesburg
All Market: 7116.56 Previous: 7142.81

	High	Low	Close	Prev.
Amalgamtd Bks	30	29.05	29.95	29.40
AngloAm Coal	308	307	307	307
AngloAm-Corp	N.T.	N.T.	N.T.	270.25
AngloAm Gold	305	300	300	305
AngloAm Ind	191.50	190	191	192
AVMIN	16.40	16.30	16.30	16.60
Barlow	49.30	48.60	48.85	49.40
C.G. Smith	25.10	24.70	25.10	24.90
De Beers	159.50	158.50	159.50	159.25
Driefontein	40.50	39.25	39.25	40.50
Fst Natl Bk	34.75	34	34.50	34.50
Gencor	19	18.55	19	18.65
GFSA	N.T.	N.T.	N.T.	115
Imperial Hdgs	59	58.75	58.75	58.75
Ingwe Coal	29.50	29.10	29.10	29.50
Iscor	3.13	3.10	3.12	3.14
Johnnies Indl	58.25	58.25	58.25	58.50
Liberty Hdgs	340	339	340	342.50
Liberty Life	129.50	127.50	127.75	129.50
LibLife Strat	17.25	16.95	16.95	17
Minorco	101	99.75	99.75	99.75
Nampak	17.70	17.50	17.50	17.70
Nedcor	90.75	89.25	89.25	91
Rembrandt Gp	49.50	49	49	49.65
Richemont	63.25	62	63.25	63
Rust Platinum	71.50	71	71.25	71.75
SA Breweries	130.25	129	129.25	130.25
Samancor	47	46.50	47	47
Sasol	53.75	53	53.75	53.75
SBIC	214.75	214.75	214.75	214.75
Tiger Oats	75.75	75.50	75.50	75.75

Kuala Lumpur
Composite: 1041.39 Previous: 1041.91

	High	Low	Close	Prev.
AMMB Hdgs	15.70	15.30	15.50	15.70
Genting	13.30	13	13.20	13.10
Mal Banking	25	24.60	24.80	24.90
Mal Intl Ship F	5.60	5.55	5.55	5.60
Petronas Gas	8.95	8.45	8.70	8.70
Proton	11.50	11.10	11.40	11.50
Public Bk	4.24	4.16	4.20	4.20
Renong	3.20	3.06	3.12	3.08
Resorts World	8.75	8.50	8.55	8.75
Rothmans PM	25.25	24.20	25	24.20
Sime Darby	7.85	7.60	7.65	7.75
Telekom Mal	17.10	16.60	16.80	17
Tenaga	11.10	10.60	10.90	11.10
Utd Engineers	18	17	17.70	17
YTL	9.70	9.50	9.60	9.60

London
FT-SE 100: 4645.20 Previous: 4693.90

	High	Low	Close	Prev.
Abbey Natl	9.68	9.44	9.60	9.57
Allied Domecq	4.50	4.41	4.44	4.57
Anglian Water	6.98	6.90	6.92	6.95
Argos	6.17	6.10	6.15	6.14
Asda Group	1.20	1.18	1.19	1.21
Assoc Br Foods	5.58	5.47	5.47	5.62
BAA	5.35	5.24	5.31	5.37
Barclays	12.77	12.43	12.45	12.86
Bass	8.21	8.10	8.18	8.14
BAT Ind	5.70	5.54	5.64	5.63
Bank Scotland	4.17	4.12	4.14	4.17
Blue Circle	4.15	4.07	4.10	4.15
BOC Group	10.17	9.88	9.94	10.18
Boots	7.18	7.05	7.08	7.30
BPB Ind	3.33	3.29	3.31	3.33
Brit Aerosp	12.70	12.48	12.52	12.78
Brit Airways	7.70	7.33	7.36	7.59
BG	2.06	1.74	1.97	1.91
Brit Land	5.94	5.80	5.84	6
Brit Petm	7.36	7.18	7.19	7.23
BSkyB	5.86	5.72	5.74	5.78
Brit Steel	1.50	1.47	1.48	1.48
Brit Telecom	4.54	4.48	4.51	4.56
BTR	2.23	2.20	2.21	2.21
Burmah Castrol	10.41	10.18	10.22	10.38
Burton Gp	1.39	1.32	1.34	1.40
Cable Wireless	5.07	4.98	5.02	5.03
Cadbury Schw	5.42	5.31	5.33	5.52
Carlton Comm	5.22	5.05	5.07	5.25
Comml Union	7.42	7.29	7.33	7.34
Compass Gp	6.62	6.55	6.59	6.54
Courtaulds	3.20	3.15	3.17	3.18
Dixons	5.02	4.92	4.96	4.97
Electrocomponents	4	3.97	3.98	3.99
EMI Group	12.50	12.25	12.34	12.70
Energy Group	5.37	5.30	5.34	5.33
Enterprise Oil	6.92	6.79	6.79	6.82
Fam Colonial	1.62	1.60	1.61	1.62
Genl Accident	9.54	9.38	9.44	9.58
GEC	3.54	3.47	3.50	3.53
GKN	9.57	9.46	9.49	9.55
Glaxo Wellcome	12.78	12.45	12.52	12.91
Granada Gp	9.27	9.18	9.20	9.27
Grand Met	5.67	5.57	5.60	5.72
GRE	2.98	2.94	2.96	2.99
Greenalls Gp	4.95	4.88	4.91	4.95
Guinness	5.66	5.58	5.60	5.70
GUS	6.65	6.51	6.61	6.55
Hays	5.70	5.56	5.65	5.75
HSBC Hldgs	17.28	17.20	17.26	17.28
ICI	7.91	7.80	7.83	7.91
Impl Tobacco	4.11	4.05	4.07	4.07
Kingfisher	7.25	7.04	7.07	7.28
Ladbroke	2.50	2.43	2.45	2.49
Land Sec	8.84	8.68	8.69	8.87
Lasmo	2.50	2.43	2.44	2.39
Legal Genl Grp	4.53	4.45	4.50	4.49
Lloyds TSB Gp	6.24	6.10	6.16	6.20
Lucas Varity	2.03	1.98	2	2
Marks Spencer	5.20	5.02	5.09	5.07
MEPC	5.07	4.95	4.97	5
Mercury Asset	13.60	13.30	13.47	13.70
National Grid	2.36	2.22	2.25	2.25
Natl Power	5.70	5.60	5.63	5.66
NatWest	8.06	7.95	7.98	8.07
Next	7.14	7.05	7.09	7.18
Orange	2.20	2.15	2.18	2.19
P&O	6.45	6.34	6.37	6.48
Pearson	7.28	7.06	7.07	7.21
Pilkington	1.17	1.13	1.15	1.17
PowerGen	6.99	6.85	6.96	6.87
Premier Farnell	4.89	4.75	4.84	4.75
Prudential	6.70	6.59	6.61	6.67
Railtrack PP	4.31	4.25	4.28	4.31
Rank Group	4.49	4.38	4.41	4.48
Reckitt Colm	9.12	8.92	8.96	9.16
Redland	3.30	3.23	3.26	3.35
Reed Intl	6.25	6.16	6.24	6.21
Rentokil Initial	2.36	2.29	2.34	2.29
Reuters Hldgs	6.80	6.54	6.64	6.75
Rexam	2.78	2.72	2.75	2.75
RMC Group	9.28	9.11	9.14	9.24
Rolls Royce	2.49	2.45	2.48	2.47
Royal Bk Scot	6.32	6.22	6.27	6.35
RTZ reg	10.60	10.45	10.58	10.45
Royal & Sun All	4.97	4.89	4.90	5.07
Safeway	3.63	3.56	3.59	3.58
Sainsbury	3.77	3.63	3.67	3.77
Schroders	17.90	17.63	17.68	17.84
Scot Newcastle	7.06	7	7.05	7.03
Scot Power	3.88	3.83	3.84	3.91
Securicor	2.95	2.93	2.94	2.95
Severn Trent	7.92	7.70	7.80	7.91
Shell Transp R	11.75	11.50	11.51	11.76
Siebe	9.72	9.54	9.71	9.86
Smith Nephew	1.78	1.72	1.72	1.77
SmithKline	10.52	10.16	10.20	10.54
Smiths Ind	7.61	7.53	7.56	7.70
Sthern Elec	4.25	4.05	4.10	4.31
Stagecoach	6.43	6.35	6.39	6.32
Stand Charter	10.20	9.92	10.08	9.98
Tate & Lyle	4.63	4.58	4.60	4.65
Tesco	4	3.90	3.92	3.93
Thames Water	6.80	6.65	6.73	6.82
3i Group	5	4.93	4.96	5.02
TI Group	5.37	5.23	5.26	5.34
Tomkins	2.78	2.73	2.76	2.73
Unilever	17	16.75	16.79	16.98
Utd Assurance	5.06	4.98	5.04	5.03
Utd News	7.72	7.64	7.68	7.77
Utd Utilities	6.80	6.62	6.67	6.82
Vendome Lx uts	5.31	5.23	5.28	5.32
Vodafone	2.77	2.72	2.73	2.76
Whitbread	7.87	7.78	7.85	8
Williams Hdgs	3.15	3.11	3.14	3.14
Wolseley	4.68	4.63	4.64	4.71
WPP Group	2.51	2.47	2.49	2.51
Zeneca	19.62	19.69	19.27	19.70

Madrid
Bolsa index: 541.86 Previous: 543.91

	High	Low	Close	Prev.
Acerinox	24340	23900	24300	24200
ACESA	1770	1740	1750	1755
Aguas Barcelon	5700	5600	5640	5770
Argentaria	7090	6990	7000	7130
BBV	10320	10220	10280	10390
Banesto	1685	1640	1665	1675
Bankinter	23150	23050	23100	23250
Bco Centro Hisp	4965	4920	4950	5000
Bco Popular	33290	32930	33180	33110
Bco Santander	11740	11460	11730	11760
CEPSA	5170	4950	4960	5050
Continente	2640	2605	2640	2640
Corp Mapfre	7790	7640	7680	7730
Endesa	11140	10920	11100	11050
FECSA	1215	1190	1190	1215
Gas Natural	27980	27300	27950	27650
Iberdrola	1700	1680	1680	1705
Pryca	2708	2670	2700	2695
Repsol	6010	5970	5990	6000
Sevillana Elec	1350	1320	1350	1355
Tabacalera	7100	7010	7100	7150
Telefonica	4035	3995	4020	4040
Union Fenosa	1260	1245	1260	1265
Valenc Cement	2005	1990	2000	2005

Manila
PSE index: 2509.36 Previous: 2576.13

	High	Low	Close	Prev.
Ayala B	16	15.25	16	16
Ayala Land	18.75	18.50	18.50	18.50
Bk Philip Isl	142	140	141	141
C&P Homes	10.25	9.90	10	10
Manila Elec A	86.50	83	83.50	86.50
Metro Bank	560	545	555	555
Petron	7.20	7.10	7.20	7.30
PCIBank	275	260	260	275
Phil Long Dist	740	725	730	735
San Miguel B	68	63.50	63.50	69
SM Prime Hdg	6.40	6.10	6.20	6.70

Mexico
Bolsa index: 3902.18 Previous: 3890.34

	High	Low	Close	Prev.
Alfa A	47.20	47.00	47.00	47.20
Banacci B	18.00	17.80	17.80	17.90
Cemex CPO	29.25	28.20	29.25	28.40
Cifra C	12.34	12.24	12.26	12.34
Emp Modema	39.15	39.10	39.15	39.15
Gpo Carso A1	46.95	46.50	46.85	46.70
Gpo F Bcomer	1.81	1.79	1.79	1.80
Gpo Fin Inburso	28.10	28.00	28.10	28.00
Kimb Clark Mex	29.10	28.90	28.90	29.10
Televisa CPO	98.00	96.60	97.30	95.90
TelMex L	17.14	17.06	17.12	17.12

Milan
MIB Telematico: 12427.00 Previous: 12500.00

	High	Low	Close	Prev.
Alleanza Assic	12130	11730	11740	11950
Bca Comm Ital	3710	3520	3550	3890
Bca Fideuram	4695	4520	4620	4695
Bca di Roma	1254	1220	1220	1231
Benetton	23350	22900	23050	23550
Credito Italiano	2570	2470	2555	2610
Edison	8140	8005	8050	7980
ENI	9060	8990	9025	9030
Fiat	5645	5515	5645	5505
Generali Assic	30700	30400	30500	30750
IMI	15960	15455	15750	16200
INA	2345	2320	2320	2345
Italgas	5685	5570	5590	5740
Mediaset	7500	7355	7465	7670
Mediobanca	10300	10165	10165	10465
Montedison	1095	1074	1088	1064
Olivetti	480	461	476	472.50
Parmalat	2700	2650	2685	2705
Pirelli	3770	3720	3725	3850
RAS	14050	13810	13810	13950
Rolo Banca	18235	17900	17900	18640
S Paolo Torino	10850	10610	10610	11170
Stet	8575	8340	8495	8370
Telecom Italia	4655	4525	4620	4725
TIM	5250	5075	5180	5125

São Paulo
Bovespa index: 10520.40 Previous: 10499.00

	High	Low	Close	Prev.
Bradesco Pfd	8.90	8.80	8.84	8.90
Brahma Pfd	778.00	770.00	774.00	778.00
Cemig Pfd	46.40	46.00	46.15	46.20
CESP Pfd	55.50	53.12	53.15	54.00
Copel	15.60	15.40	15.40	15.60
Eletrobras	475.00	470.00	475.00	470.00
Itaubanco Pfd	572.01	569.00	569.00	572.00
Light Servicios	487.50	485.00	487.00	486.00
Lightpar	333.00	330.00	333.00	330.00
Petrobras Pfd	243.00	238.00	242.00	240.99
Paulista Luz	162.02	160.00	162.00	160.00
Sid Nacional	36.00	34.90	35.00	36.00
Souza Cruz	9.30	9.29	9.30	9.35
Telebras Pfd	134.10	132.80	133.30	132.80
Telemig	154.00	149.00	152.06	148.10
Telerj	149.51	148.70	148.90	149.50
Telesp Pfd	336.00	330.00	335.00	331.00
Unibanco	37.50	37.40	37.40	37.50
Usiminas Pfd	1.20	1.19	1.20	1.20
CVRD Pfd	24.45	23.80	24.45	24.20

Seoul
Composite index: 721.28 Previous: 699.53

	High	Low	Close	Prev.
Dacom	92000	88000	89500	91100
Daewoo Heavy	7200	6600	7100	6690
Hyundai Eng.	18400	17000	18400	17200
Kia Motors	16400	15800	16300	16100
Korea El Pwr	26200	25700	25800	25700
Korea Exch Bk	5720	5250	5720	5250
Korea Mob Tel	370000	346000	360000	367000
LG Semicon	33100	30500	33000	32000
Pohang Iron St	57200	54500	57200	54300
Samsung Display	44000	42300	43200	42800
Samsung Elec	63500	61800	63300	63000
Shinhan Bank	10500	10000	10400	9950

Singapore
Straits Times: 2050.94 Previous: 2060.50

	High	Low	Close	Prev.
Asia Pac Brew	N.T.	N.T.	N.T.	6.55
Cerebos Pac	8.80	8.70	8.75	8.75
City Devlts	12.50	12.30	12.50	12.70
Cycle Carriage	14.60	14.30	14.50	14.40
Dairy Farm Int *	0.75	0.73	0.73	0.75
DBS foreign	18.40	17.90	18.40	18.10
DBS Land	4.88	4.80	4.86	4.88
Fraser & Neave	11.50	11.30	11.40	11.50
HK Land *	2.50	2.47	2.47	2.49
Jard Matheson *	6.45	6.25	6.35	6.30
Jard Strategic *	3.62	3.56	3.56	3.62
Keppel	6.90	6.75	6.80	6.95
Keppel Bank	3.78	3.74	3.74	3.76
Keppel Fels	4.76	4.74	4.76	4.74
Keppel Land	3.96	3.90	3.90	3.94
OCBC foreign	17.80	17.50	17.80	17.70
OS Union Bk F	10.10	9.85	9.95	10
Parkway Hdgs	6.35	6.20	6.35	6.25
Sembawang	6.75	6.45	6.45	6.50
Sing Air foreign	12.80	12.50	12.70	13.30
Sing Land	7	6.90	7	6.95
Sing Press F	29	28.40	28.40	28.70
Sing Tech Ind	3.94	3.90	3.94	3.90
Sing Telecomm	2.55	2.47	2.47	2.54
Tat Lee Bank	3.36	3.34	3.34	3.36
Utd Industrial	1.16	1.10	1.13	1.12
Utd O'Sea Bk F	15.30	14.60	15	14.70
Wing Tai Hdgs	4.10	3.98	4.08	4.08

*: in U.S. dollars.

Sydney
All Ordinaries: 2531.80 Previous: 2538.10

	High	Low	Close	Prev.
Amcor	8.48	8.40	8.41	8.50
ANZ Bkng	8.28	8.02	8.02	8.33
BHP	19.20	18.51	19.03	18.69
Boral	3.91	3.83	3.84	3.92
Brambles Ind.	23.95	23.50	23.95	23.66
CBA	13.99	13.65	13.76	14.12
CC Amatil	14.90	14.76	14.90	14.80
Coles Myer	6.17	6.11	6.15	6.16
Comalco	7.11	6.95	7.10	7.02
CRA	21	20.41	20.85	20.41
CSR	4.60	4.48	4.50	4.60
Fosters Brew	2.67	2.60	2.66	2.63
Goodman Fld	1.75	1.71	1.72	1.72
ICI Australia	11.90	11.74	11.80	11.90
Lend Lease	24.58	24.35	24.50	24.45
MIM Hdgs	1.87	1.82	1.83	1.82
Nat Aust Bank	17.87	17.65	17.70	17.95
Nat Mutual Hdg	1.98	1.86	1.90	1.98
News Corp	5.77	5.64	5.71	5.76
Pacific Dunlop	3.55	3.49	3.53	3.56
Pioneer Intl	4.33	4.29	4.29	4.34
Pub Broadcast	6.56	6.48	6.54	6.50
St George Bank	7.91	7.78	7.82	7.92
WMC	8.29	8.06	8.24	8.08
Westpac Bkng	7.18	7.09	7.11	7.24
Woodside Pet	11.35	11.10	11.18	11.20
Woolworths	4.08	4	4.04	4.05

Taipei
Stock Market index: 8187.54 Previous: 8081.79

	High	Low	Close	Prev.
Cathay Life Ins	159	155	155	158
Chang Hwa Bk	129	123	125	126
Chiao Tung Bk	72.50	70.50	71.50	72.50
China Develpmt	119	116.50	117	117.50
China Steel	30.40	29.70	30.10	29.90
First Bank	126.50	121.50	122.50	124.50
Formosa Plastic	65.50	63.50	64.50	65
Hua Nan Bk	123.50	119	120	122
Intl Comm Bk	74.50	70	72	71.50
Nan Ya Plastics	69.50	68	69	68
Shin Kong Life	97	94	94.50	96.50
Taiwan Semi	104	99	104	97.50
Tatung	56.50	55.50	56	56
Utd Micro Elec	67.50	64.50	67	64
Utd World Chin	71	69	69.50	70.50

Tokyo
Nikkei 225: 20409.75 Previous: 20224.72

	High	Low	Close	Prev.
Ajinomoto	1240	1200	1240	1200
All Nippon Air	784	770	784	779
Amway	4340	4280	4300	4350
Asahi Bank	809	795	805	795
Asahi Chem	715	699	703	702
Asahi Glass	1190	1160	1170	1170
Bk Tokyo Mitsu	2150	2100	2130	2110
Bk Yokohama	585	534	585	534
Bridgestone	2790	2660	2750	2670
Canon	2910	2840	2880	2920
Chubu Elec	2080	2060	2080	2060
Chugoku Elec	2030	2020	2030	2020
Dai Nipp Print	2520	2450	2500	2470
Daiei	750	725	734	724
Dai-Ichi Kang	1500	1460	1470	1520
Daiwa Bank	450	438	446	437
Daiwa House	1410	1390	1400	1390
Daiwa Sec	872	842	850	865
DDI	8450a	8280a	8450a	8570a
Denso	2960	2900	2940	2900
East Japan Ry	5660a	5450a	5490a	5520a
Eisai	2320	2280	2300	2280
Fanuc	4240	4130	4170	4170
Fuji Bank	1560	1530	1560	1530
Fuji Photo	4600	4500	4590	4600
Fujitsu	1390	1360	1380	1360
Hachijuni Bk	1140	1130	1130	1140
Hitachi	1250	1230	1250	1230
Honda Motor	3810	3600	3750	3650
IBJ	1430	1400	1420	1420
IHI	510	500	510	500
Itochu	654	632	653	635
Ito-Yokado	6820	6690	6760	6710
JAL	536	526	535	528
Japan Tobacco	9020a	8800a	8990a	8730a
Jusco	4570	4370	4370	4430
Kajima	699	685	694	704
Kansai Elec	2230	2160	2200	2170
Kao	1600	1540	1600	1570
Kawasaki Hvy	540	535	540	542
Kawa Steel	369	363	369	369
Kinki Nipp Ry	716	708	710	709
Kirin Brewery	1200	1180	1200	1200
Kobe Steel	230	224	228	230
Komatsu	897	887	895	885
Kubota	591	576	587	582
Kyocera	7740	7410	7660	7390
Kyushu Elec	1990	1970	1980	1990
LTCB	389	380	387	372
Marubeni	512	503	511	508
Marui	2270	2200	2230	2190
Matsu Comm	3350	3220	3280	3240
Matsu Elec Ind	2220	2170	2200	2190
Matsu Elec Wk	1310	1300	1300	1310
Mitsubishi	1420	1380	1420	1390
Mitsubishi Ch	402	392	402	403
Mitsubishi El	703	696	697	701
Mitsubishi Est	1670	1640	1660	1650
Mitsubishi Hvy	862	854	858	857
Mitsubishi Mat	910	896	905	905
Mitsubishi Tr	1690	1610	1690	1620
Mitsui	1010	992	1000	990
Mitsui Fudosn	1500	1480	1500	1470
Mitsui Trust	850	840	845	845
Murata Mfg	4890	4890	4890	4870
NEC	1610	1580	1600	1600
Nikon	1930	1850	1890	1850
Nikko Sec	732	714	718	734
Nintendo	8860	8700	8810	8850
Nipp Express	959	946	955	949
Nippon Oil	646	614	635	613
Nippon Steel	366	363	364	369
Nissan Motor	753	736	753	746
NKK	261	258	260	263
Nomura Sec	1460	1400	1440	1420
NTT	1090b	1050b	1080b	1070b
NTT Data	4350b	4250b	4250b	4280b
Oji Paper	770	757	769	760
Osaka Gas	303	298	302	302
Ricoh	1490	1460	1460	1490
Rohm	10400	9960	10100	10100
Sakura Bk	732	700	700	715
Sankyo	3680	3560	3660	3550
Sanwa Bank	1520	1490	1490	1510
Sanyo Elec	503	496	500	498
Secom	8250	8030	8100	8280
Seibu Rwy	6340	6210	6310	6310
Sekisui Chem	1220	1170	1200	1170
Sekisui House	1250	1220	1230	1210
Seven-Eleven	9000	8670	8810	8700
Sharp	1640	1590	1620	[illegible]
Shikoku El Pwr	1990	1980	1980	[illegible]
Shimizu	706	693	706	[illegible]
Shin-etsu Ch	2650	2590	2650	2630
Shiseido	1740	1710	1740	1710
Shizuoka Bk	1160	1130	1140	1150
Softbank	8330	8210	8250	8250
Sony	9860	9740	9800	9820
Sumitomo	965	945	961	947
Sumitomo Bk	1630	1560	1610	1540
Sumit Chem	493	478	486	488
Sumitomo Elec	1850	1830	1850	1840
Sumit Metal	310	300	307	305
Sumit Trust	1090	1060	1090	1090
Taisho Pharm	3220	3150	3160	3160
Takeda Chem	2960	2900	2930	2980
TDK	9140	8900	8900	9050
Tohoku El Pwr	2010	1980	1980	2000
Tokai Bank	997	959	985	968
Tokio Marine	1460	1400	1440	1410
Tokyo El Pwr	2220	2180	2210	2200
Tokyo Electron	5050	4930	4930	5060
Tokyo Gas	311	305	308	304
Tokyu Corp.	712	694	707	697
Tonen	1450	1410	1440	1420
Toppan Print	1750	1680	1690	1750
Toray Ind	795	782	794	792
Toshiba	732	725	729	725
Tostem	2970	2890	2970	2890
Toyo Trust	897	870	879	883
Toyota Motor	3690	3530	3650	3570
Yamanouchi	2860	2800	2860	2850

a: x 100; b: x 1,000

Wellington
NZSE-40 index: 2307.56 Previous: 2314.[illegible]

	High	Low	Close	Prev.
Air N Zealnd B	4.33	4.31	4.32	[illegible]
Brierly Invt	1.35	1.34	1.34	[illegible]
Carter Holt ord	3.30	3.28	3.30	3.30
Fletch Ch Bldg	4.05	4.00	4.04	4.04
Fletch Ch Engy	4.66	4.63	4.66	4.70
Fletch Ch Forst	1.93	1.90	1.90	1.93
Fletch Ch Paper	3.23	3.21	3.22	3.25
Lion Nathan	3.55	3.55	3.55	3.56
Telecom NZ	6.67	6.61	6.64	6.65
Wilson Horton	11.65	11.65	11.65	11.70

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	165.17	+0.12	+0.07	+10.75
Regional Indexes				
Asia/Pacific	124.96	+0.77	+0.62	+1.24
Europe	173.37	-1.58	-0.90	+7.55
N. America	189.86	+1.41	+0.75	+17.26
S. America	150.55	+1.42	+0.95	+31.57
Industrial Indexes				
Capital goods	200.45	+0.20	+0.10	+17.28
Consumer goods	188.41	+0.43	+0.23	+16.71
Energy	192.93	+0.77	+0.40	+13.02
Finance	123.02	-0.34	-0.28	+5.63
Miscellaneous	164.91	-0.40	-0.24	+1.93
Raw Materials	184.23	-0.43	-0.23	+5.05
Service	154.35	+0.28	+0.18	+12.40
Utilities	140.27	-0.10	-0.07	-2.22

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. *Compiled by Bloomberg News.*

هكذا من الأصل

NYSE

Monday's 4 P.M. Close

(Continued)

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Herald Tribune INTERNATIONAL
SPORTS

WORLD ROUNDUP

Tonkov Turns Pink

CYCLING Pavel Tonkov took the overall leader's pink jersey after winning the third stage of the Giro d'Italia on Monday.

Tonkov, who races for the Mapei team, won the Giro last year. He holds a one-second lead over fellow Russian Yevgeny Berzin of the Batik team, who finished second, 21 seconds behind Tonkov, in an 18-kilometer (11-mile) mountain time trial into San Marino.

Berzin, who won the 1994 Giro, started the day 20 seconds ahead of Tonkov but struggled on the major climbs. *(Reuters)*

Becker Will Miss Paris

TENNIS Boris Becker withdrew Monday from next week's French Open, the only Grand Slam crown he has not won. Organizers said Becker was injured. *(Reuters)*

Johnson Wins Major

GOLF Chris Johnson made an 8-foot par putt on the second playoff hole to beat Leta Lindley and win the LPGA Championship. Both finished four rounds at 3-under par 281 in Rockland, Delaware, on Sunday. It was Johnson's first Grand Slam title. Annika Sorenstam was the only other player under par for the tournament. *(Reuters)*

A Whole-World Record

SAILING Olivier de Kersauson set a round-the-world sailing record when he arrived in Brest, France, on Monday. The French sailor circled the globe in 71 days, 14 hours, 18 minutes and 8 seconds in his Sport-Elec trimaran.

The previous record, set by New Zealander Sir Peter Blake three years ago, was 74 days, 22 hours and 17 minutes. *(Reuters)*

Belarussians Test Positive

WEIGHT LIFTING Five Belarussian weightlifters have tested positive for banned drugs, throwing into doubt the entire squad's participation in this week's European championships in Croatia, Belarus Weightlifting Federation sources said Monday. *(Reuters)*

Woods Wins Again But Not at His Best

By Dave Anderson
New York Times Service

IRVING, Texas — At the Masters, Tiger Woods had what he calls his "A game," and he won.

At his next tournament, the Byron Nelson Classic last weekend, he had a 2-stroke lead at 15-under par after a 3-under-par 67 in the third round Saturday. But he knew his golf game deserved a lower mark.

"It was in between a B and a C," he said.

Even when he won Sunday with a 2-under-par 68 for a 17-under-par total of 263, he did it with a golf game he marked as C-plus.

"Winning like this means a lot," he said. "It shows if you think well and have a good short game, you can win."

He wasn't trying to be humble or demean those who finished behind him. Winning without your A game is what has separated all the great golfers from the grinders.

On his arrival here last week, the 21-year-old golfer said simply, "I came here to win." And he did — as much with his mind as with his muscle.

"I know what I'm doing wrong," he said after Saturday's round. "It's causing a position on the downswing in which I get stuck. Certain faults will stick with you for the rest of your life. And this is one of them for me."

Before the final round Sunday, Woods's swing doctor, Butch Harmon, who had been watching him on television in Houston, drove up to get him unstuck.

"I had seen some things," Harmon said after his patient had hit two big buckets of balls on the practice tee. "His posture got very bad. I told him to get tall and stay tall. And he has the courage to take this right to the first tee." In his earlier rounds, Woods teed off with a 3-wood on the 385-yard (350-meter) first hole.

On Sunday, with wind gusts of 20 miles an hour (30 kilometers) behind him, he took the tiger-striped orange head cover off his driver.

There were 100,000 people in his galloping gallery Sunday, and this was what the thousands around the first tee had hoped to see: Woods trying to drive the first green. After waving to those on the right side of the fairway to get down, he hit a soaring tee shot.

"It hit a spectator, but he was all right," Woods said. "If it hadn't, it would've been pin high or past the green."

His ball had sailed about 360 yards, some 25 yards short of the green. After a par there, he bogeyed the third hole after splashing his tee shot, then trailed Larry Rinker by two strokes.

But with a birdie at the 12th, he shared the lead and his birdie at the 554-yard 16th assured it.

On the 16th he hit a driver off the tee, then another off the fairway. As he approached the green, he basked in the cheers. And somebody among the 100,000 yelled, "Don't ever change."

Arnd Wiegmann/Reuters

EYES ON THE BALL — Mark Philippoussis hitting a backhand Monday to Pete Sampras in the World Team Cup tournament at Duesseldorf. Philippoussis won when Sampras, the World No. 1, retired with a strain in his left thigh. Sampras was leading 6-4 4-6 1-0. Sampras is due to play again Wednesday, but said he did not know if he would be fit. This is the last event before the French Open, which starts Monday.

■ American Express Signs Woods

American Express said Monday it had enlisted Woods as a worldwide spokesman, Reuters reported from New York.

Terms for the multiyear deal were not disclosed, but reports are putting the fee as high as $30 million for five years to feature Woods in advertisements for American Express products, including its financial services and credit cards.

U.K. Targets Tobacco Sponsorships

Compiled by Our Staff From Dispatches

LONDON — Britain's Labour government announced Monday that it would ban sponsorship of sporting events by tobacco companies.

Anti-smoking campaigners welcomed the plan, but tobacco companies said they were disappointed because they did not believe such a move would lower tobacco consumption.

Cigarette companies spend millions of pounds sponsoring sports in Britain, particularly cricket, golf, darts, rugby league, show-jumping and Formula One motor racing.

Health Secretary Frank Dobson said that the government's draft bill would "cover all forms of tobacco advertising, including sponsorship."

"We recognize that some sports are heavily dependent on tobacco sponsorship," he said in a speech to the Congress of the Royal College of Nursing. "We do not wish to harm these sports. We will therefore give them time and help to reduce their dependency on tobacco and replace it with sponsorship from more benign sources."

Dobson said that sports authorities need to recognize that by helping to promote tobacco sales they were harming the health of many fans.

Among high-profile recipients of tobacco industry sponsorship are British-based Formula One motor racing teams. These include Williams, Benetton, Jordan, Tyrell and McLaren.

"If a car is running in the Grand Prix here it won't be carrying tobacco advertising," Dobson said.

Paul Sadler, a spokesman for Imperial Tobacco, whose Embassy cigarettes sponsor snooker and darts competitions, said his company was "very disappointed." *(AFP, Reuters)*

CANTONA: *Britain's Hero, France's Grief*

Continued from Page 1

home-grown genius who did not fit its worn-out mold.

The French soccer establishment never learned to come to terms with Cantona's success, although marketing managers fastened onto his popularity among younger fans. Writers said that his style rather luckily suited English soccer, and that probably nowhere else could he have found a setting artless enough so as to appear brilliant in contrast.

L'Equipe, the French sports newspaper, said that Nike, Cantona's sponsor, was able to turn his image into that of a mysterious rebel who had nothing to do with his real and declining worth as a player. Aime Jacquet, the coach of the French national team, decided in 1995 when Cantona was voted English footballer of the year that he could do without him for the European Championship, and this year again left him off the squad that is to prepare for the World Cup to be played in France in 1998.

Clearly, Cantona was too big, too unique and too interesting for the team and its view of itself. The English, hosts to the European Championship, mocked this French pettiness: the racy French could not handle Cantona's unpredictability and fled the excitement that was his special promise.

What the English had embraced, the French suggested, was an opera that sounded much better in translation. The French establishment that loved and Frenchified Jerry Lewis when Americans thought his comedy crude and infantile essentially refused to say it was wrong about Cantona, denying its affection for a man who could be described as the most brilliant over-the-top public personality produced in France in years.

On Monday, while the Times of London was reporting Cantona's retirement at the top of page one and the rest of England's newspapers were using words like art, poetry and genius to describe the Frenchman, Le Figaro, with a completely different vocabulary, called the retirement announcement in its back-page headline, "Cantona's last fake-out." The article concluded with a reference to Bernard Tapie, the jailed former cabinet minister and soccer-team owner, asking whether Cantona, like Tapie, who once hired him at Marseille, wouldn't be thinking of a movie career.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	28	13	.683	—
New York	25	18	.581	4
Toronto	21	19	.525	6½
Detroit	19	23	.452	9½
Boston	16	24	.400	11½

CENTRAL DIVISION

Kansas City	20	20	.500	—
Cleveland	20	20	.500	—
Milwaukee	19	20	.487	½
Chicago	18	22	.450	2
Minnesota	17	26	.395	4½

WEST DIVISION

Texas	23	17	.575	—
Seattle	23	19	.548	1
Anaheim	21	19	.525	2
Oakland	17	27	.386	8

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	29	13	.690	—
Florida	26	16	.619	3
Montreal	23	17	.575	5
New York	22	20	.524	7
Philadelphia	16	25	.390	12½

CENTRAL DIVISION

Houston	22	21	.512	—
Pittsburgh	21	21	.500	½
St. Louis	17	24	.415	4
Chicago	14	27	.341	7
Cincinnati	13	28	.317	8

WEST DIVISION

San Francisco	24	16	.600	—
Los Angeles	23	17	.575	1
Colorado	23	18	.561	1¼
San Diego	15	25	.375	9

SUNDAY'S LINE SCORES

AMERICAN LEAGUE

Cleveland	232	001	000	—8	11	1
Toronto	201	000	300	—6	8	0

Ogea, Morman (7), Plunk (7), Assenmacher (8), M. Jackson (8) and S.Alomar; Carpenter, Quantrill (3), Crabtree (7), Spoljaric (8) and Santiago. W—Ogea, 4-3. L—Carpenter, 0-2. Sv—M. Jackson (4). HRs—Cleveland, S. Alomar (9), Thome (9), Ma.Williams 2 (13). Toronto, Sprague (7), Merced (4).

Boston	202	000	100	—5	8	2
Minnesota	502	000	00x	—7	11	3

Sele, Wasdin (3), Lacy (6) and Haselman, Hatteberg (8); Robertson, Trombley (7), Swindell (8), Naulty (8), Guardado (8), Aguilera (9) and G. Myers. W—Robertson, 4-2. L—Sele, 4-3. Sv—Aguilera (7). HR—Minnesota, Stahoviak (1).

Detroit	010	020	300	—6	15	1
Kansas City	001	300	100	—5	6	0

Lira, J. Cummings (5), To.Jones (7), M. Myers (9) and B. Johnson; Belcher, R. Veres (7), J. Walker (9), J. Montgomery (9) and Mi.Sweeney. W—J. Cummings, 2-0. L—Belcher, 5-4. Sv—M. Myers (1). HRs—Kansas City, Mi.Sweeney 2 (4), Offerman (2).

New York	010	010	000	—2	9	1
Texas	300	000	10x	—4	8	1

Cone and Posada; D.Oliver, X. Hernandez (6), Wetteland (9) and I.Rodriguez. W—D. Oliver, 2-4. L—Cone, 5-3. Sv—Wetteland (10). HRs—New York, Hayes (2). Texas, Ju.Gonzalez (5).

Milwaukee	101	100	010	—4	7	1
Anaheim	202	001	00x	—5	6	1

J.Mercedes, DeJones (8) and Matheny, Levis (7); D.Springer, Haltz (7), DeLucia (8), James (9) and Kreuter. W—D. Springer, 2-1. L—J. Mercedes, 1-1. Sv—James (6). HRs—Milwaukee, Jaha (9), Nilsson (5). Anaheim, Edmonds 2 (9).

Chicago	000	202	420	—10	12	2
Oakland	000	002	020	—4	6	0

Baldwin, Levine (8), C. Castillo (9) and Karkovice; Mohler, A.Small (6), Oquist (7), Taylor (9) and Ga.Williams. W—Baldwin, 2-5. L—Mohler, 0-6. HR—Oakland, Canseco (9).

Baltimore	100	031	102	—8	8	1
Seattle	201	121	000	—7	12	0

Mussina, Rhodes (6), Br.Williams (7), Orosco (8), Ra.Myers (9), A. Benitez (9) and Webster, Hoiles (8); Ra.Johnson, Ayala (6), Manzanillo (7), Charlton (8) and Du.Wilson. W—Orosco, 1-0. L—Charlton, 2-3. Sv—A. Benitez (5). HRs—Baltimore, Hammonds (3), Hoffes (7). Seattle, Griffey Jr. (19), Sorrento (4), A. Rodriguez (7).

NATIONAL LEAGUE

Houston	000	001	011	—3	9	0
Philadelphia	023	000	00x	—5	8	1

Hampton, R. Garcia (6), Lima (8) and Ausmus; Stephenson, Spradlin (8), Plantenberg (8), Bottalico (9) and Parent. W—Stephenson, 1-0. L—Hampton, 2-4. Sv—Bottalico (10). HRs—Philadelphia, Doulton (5), Rolen (4).

Los Angeles	100	100	200	—4	8	1
Montreal	201	003	01x	—7	14	0

Astacio, Candiotti (6), Guthrie (7), Hall (8) and Piazza; P.Martinez, Telford (8), Urbina (8) and Fletcher. W—P. Martinez, 7-0. L—Astacio, 3-2. Sv—Urbina (5). HRs—Los Angeles, Karros (4), Zeile (5). Montreal, Fletcher (6), Lansing (5).

Florida	002	000	001	2—5	12	2
Pittsburgh	100	000	002	0—3	8	0

(10 innings)

Saunders, Helling (5), Nen (9), Stanifer (10) and C. Johnson, Zaun (10); Schmidt, Rincon (8), Loiselle (10) and Kendall. W—Nen, 3-1. L—Loiselle, 1-1. Sv—Stanifer (1). HR—Pittsburgh, M. Cummings (1).

Colorado	001	000	210	—4	8	0
New York	000	200	00x	—2	9	1

B.M.Jones, McCurry (6), DiPoto (7), S. Reed (8), M. Munoz (8), B.Ruffin (8), DeJean (8), Holmes (8) and Manwaring, Je.Reed (8); Mlicki, Tritcek (7), Kashiwada (7), Lidle (9) and A. Castillo, Hundley (9). W—Kashiwada, 1-0. L—B. Ruffin, 0-1. HRs—Colorado, Galarraga (9), Castillo (11).

San Francisco	000	002	100	—3	7	1
Chicago	300	000	20x	—5	13	0

Estes, Rao (2), Tavarez (7), Poole (7) and R. Wilkins; Mulholland, Wendell (7), Patterson (8), T. Adams (9) and M. Hubbard, Servais (8). W—Wendell, 2-2. L—Tavarez, 0-2. Sv—T. Adams (3). HRs—San Francisco, Aurilia (1). Chicago, Sosa 2 (9).

San Diego	000	000	000	—0	9	2
Cincinnati	021	000	11x	—5	9	0

Valenzuela, Bergman (4), Long (7) and Flaherty; Burba, Belinda (7), Shaw (7), Bromley (9) and J. Oliver. W—Burba, 4-4. L—Valenzuela, 1-6.

St. Louis	000	100	000	—1	7	0
Atlanta	100	000	31x	—5	8	0

A.Benes, Fossas (8), Frascatore (8) and Lampkin; Glavine and J.Lopez. W—Glavine, 5-2. L—A.Benes, 2-2. HR—St. Louis, Gant (7).

BASKETBALL

NBA PLAYOFFS

SECOND ROUND
(BEST-OF-SEVEN)

New York	14	18	22	36—	90
Miami	25	24	22	38—	101

N.Y.: Ewing 17-27 3-3 37, Houston 9-22 2-2 25; M: Hardaway 12-20 8-10 38, Mourning 7-14 7-11 22. Rebounds—New York 48 (Ewing 17), Miami 49 (Mourning 12). Assists—New York 25 (Ward 8), Miami 11 (Hardaway 7).
(Miami wins series 4-3)

HOCKEY

NHL PLAYOFFS

EASTERN CONFERENCE FINALS
(BEST-OF-SEVEN)

N.Y. Rangers	3	2	0—5
Philadelphia	1	3	6—4

First Period: P-LeClair 6 (Desjardins, Niinimaa) (pp). 2, N.Y.-Lidster 1 (Eastwood) 3, N.Y.-Gretzky 7 (Tikkanen, Leetch) (pp). 4, N.Y.-Gretzky 8 (Robitaille, Messier) (pp). **Second Period:** P-Coffey 1 (Brind'Amour, Renberg) 6, P-Brind'Amour 5, 7, N.Y.-Gretzky 9 (Messier, Driver) 8, N.Y.-Messier 3 (Beukeboom) 9, P-Podein 4 (Otto) Third Period: None. Shots on goal: New York 7-7-8—22. P- 15-6-8—29. Goalies: N.Y.-Richter. P-Snow, Hextall.
(Series ties 1-1)

SOCCER

SPANISH FIRST DIVISION

Extremadura 1, Athletic Bilbao 2
Real Madrid 1, Valladolid 0
Deportivo Coruna 0, Sporting Gijon 0
Hercules 0, Valencia 2
Rayo Vallecano 1, Logranes 0
Oviedo 2, Compostela 2
Espanyol 1, Tenerife 0
Racing Santander 1, Zaragoza 2
Real Sociedad 1, Atletico Madrid 1

STANDINGS: Real Madrid 86 points; Barcelona 78; Deportivo Coruna 74; Real Betis 73; Atletico Madrid 67; Valladolid 58; Athletic Bilbao 55; Real Sociedad 54; Valencia 52; Tenerife 51; Racing Santander 47; Zaragoza 46; Espanyol 45; Compostela 44; Celta Vigo 43, Oviedo 43; Rayo Vallecano 42; Sporting Gijon 40, Extremadura 40; Hercules 35; Sevilla 34; Logranes 31.

DUTCH FIRST DIVISION

Feyenoord 6, Sparta Rotterdam 1

MAJOR LEAGUE SOCCER

New York-New Jersey 1, Kansas City 0
Washington D.C. 1, New England 0
Los Angeles 2, San Jose 1

STANDINGS: Eastern Conference— D.C. 14 points, Columbus 14; Tampa Bay 13, New England 13; NY-NJ 10. Western Conference— Dallas 12; Colorado 10, Kansas City 10; San Jose 8; Los Angeles 4.

GOLF

BYRON NELSON CLASSIC

Leading final scores and money winnings Sunday of the $1.8 million Byron Nelson Classic on the 6,899-yard, par-70 TPC at Las Colinas and 6,848-yard, par-70 Cottonwood Valley G.C.:

Tiger Woods	64-64-67-68—263
Lee Rinker	65-63-69-68—265
Tom Watson	65-66-69-67—267
Dan Forsman	67-64-66-70—267
Bob Tway	69-65-68-66—268
Andrew Magee	66-65-69-68—268
Chris Perry	65-67-66-70—268
Paul Stankowski	64-66-68-70—268
Brad Bryant	65-67-66-70—268
Mike Standly	66-63-69-71—269
Jim Furyk	63-67-67-71—268
John Cook	68-68-66-67—269

TENNIS

ATP RANKINGS

Leading rankings issued by the ATP Tour on Monday:

1, Pete Sampras, U.S., 5.178 points
2, Michael Chang, U.S., 3.704
3, Yevgeny Kafelnikov, Russia, 3.008
4, Goran Ivanisevic, Croatia, 2,819
5, Thomas Muster, Austria, 2,798
6, Richard Krajicek, Netherlands, 2,573
7, Marcelo Rios, Chile, 2,270
8, Alex Corretja, Spain, 2,162
9, Thomas Enqvist, Sweden, 2,148
10, Carlos Moya, Spain, 2,119
11, Felix Mantilla, Spain, 1,841
12, Boris Becker, Germany, 1,819
13, Albert Costa, Spain, 1,804
14, Alberto Berasategui, Spain, 1,803
15, Wayne Ferreira, South Africa, 1,647
16, Todd Martin, U.S., 1,641
17, Tim Henman, Britain, 1,565
18, Marc Rosset, Switzerland, 1,531
19, Sergi Bruguera, Spain, 1,511
20, Andrei Medvedev, Ukraine, 1,503

FOOTBALL

WORLD LEAGUE

SATURDAY'S RESULTS

Rhein 21, Frankfurt 20
London 9, Barcelona 7

SUNDAY'S RESULT

Scotland 10, Amsterdam 6

CYCLING

GIRO D'ITALIA

Leading placings in Monday's third stage of the Giro d'Italia cycle race, a 18 km time trial from Santarcangelo: 1, Pavel Tonkov, Russia, Mapei, 31 minutes 42 seconds; 2, Yevgeny Berzin, Russia, Batik, 21 seconds behind; 3, Roberto Petito, Italy, Saeco, 32; 4, Luc Leblanc, France, Polti, 37; 5, Piotr Ugrumov, Russia, Rastoria, 53; 6, Ivan Gotti, Italy, Saeco, 55; 7, Gabriele Colombo, Italy, Batik, 1:02; 8, Andrea Noe', Italy, Asics, 1:13; 9, Giuseppe Guerini, Italy, Polti, 1:16; 10, Juan Carlos Dominguez, Spain, Kelme, 1:22.

OVERALL STANDINGS: 1, Tonkov, 3 hours 20 minutes 5 seconds; 2, Berzin 1 second behind; 3, Petito 12; 4, Leblanc 37; 5, Colombo 42; 6, Ugrumov 53; 7, Gotti 55; 8, Noe' 1:13; 9, Enrico Zaina, Italy, Asics, 1:16; 10, Guerini s.t.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

ANAHEIM—Activated RHP Troy Percival from 15-day disabled list. Optioned RHP Darrell May to Vancouver, PCL.

CHICAGO—Traded OF Tony Phillips and C Chad Kreuter to Anaheim for LHP Chuck McElroy and C Jorge Fabregas.

CLEVELAND—Signed RHP Jamie Brown and assigned him to Burlington, AL.

KANSAS CITY—Bought contract of RHP Mike Williams from Omaha, AA. Designated LHP Jim Converse for assignment. Claimed LHP Casey Whitten off waivers from Cleveland and assigned him to Omaha. Transferred RHP Rick Huisman from 15-day to 60-day disabled list.

MINNESOTA—Activated 1B Scott Stahoviak from disabled list. Called up OF Darrin Jackson from Salt Lake, PCL.

OAKLAND—Optioned RHP Steve Montgomery and SS Tony Batista to Edmonton, PCL. Recalled RHP Mike Oquist and SS Scott Sheldon from Edmonton.

SEATTLE—Optioned RHP Bob Wolcott to Tacoma, PCL and recalled LHP Mark Holzemer from Tacoma. Designated RHP Tim Harikkala for assignment. Assigned RHP Matt Apana to Lancaster, CL on rehabilitation assignment.

NATIONAL LEAGUE

CHICAGO—Sent 3B Kevin Orie to Orlando, SL on a rehabilitation assignment.

FLORIDA—Put OF Gary Sheffield on 15-day disabled list, retroactive to May 14. Recalled OF Billy McMillon from Charlotte, IL.

HOUSTON—Put OF Derek Bell on 15-day disabled list, retroactive to May 14. Bought contract of OF Ken Ramos from New Orleans, AA.

N.Y. METS—Named Kevin McCarthy stadium manager.

PHILADELPHIA—Announced RHP Bobby Munoz cleared waivers and was sent outright to Scranton Wilkes-Barre, IL. Optioned LHP Michael Mimbs to Scranton Wilkes-Barre. Recalled RHP Ron Blazier from Scranton Wilkes-Barre. Activated RHP Edgar Ramos from 15-day disabled list.

PITTSBURGH—Put OF Jermaine Allensworth on 15-day disabled list.

SAN DIEGO—Released RHP Tim Scott. Put RHP Dario Veras on 15-day disabled list. Activated RHP Joey Hamilton from 15-day disabled list.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

NBA—Fined Houston Rockets F Kevin Willis $10,000 and Seattle SuperSonics F Shawn Kemp $5,000 for their actions during Game 5 of Western Conference semifinals on May 15.

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IRELAND	IRE	52	26	50%
ITALY	ITL	145,600	58,000	60%
LUXEMBOURG	LFR	3,3800	1,350	60%
NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
PORTUGAL	ESC	11,960	5,000	58%
SPAIN	PTAS	11,700	5,000	57%
SWEDEN	SEK	832	350	58%
SWITZERLAND	CHF	166	66	60%
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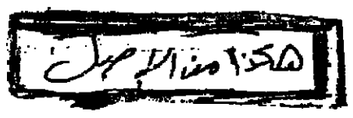
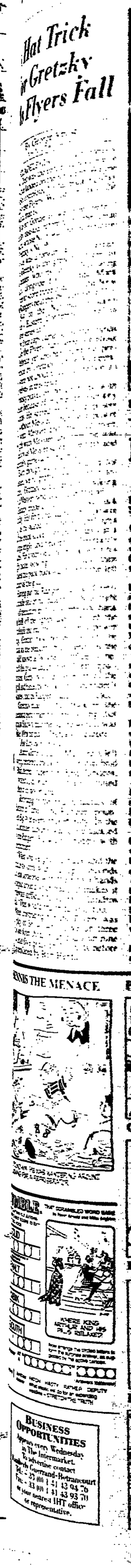




Netanyahu And Arafat Trade Blame For Deadlock

Reuters

JERUSALEM — Israelis and Palestinians blamed each other Monday for what a U.S. official described as a breakdown in the core issues of their peace accord.

Yasser Arafat, the Palestinian leader, said that Washington's refusal to pressure Israel had doomed U.S. efforts to revive the Middle East peace talks, which have been deadlocked since March.

But Prime Minister Benjamin Netanyahu of Israel, who took office a year ago vowing a tougher line in peace talks, blamed Mr. Arafat for the crisis.

"If there is no forthcoming position on the part of the Palestinians to keep the agreement, that is to fight terrorism and to follow through on the other conditions, I think it's very hard to proceed," Mr. Netanyahu said.

Martin Indyk, the U.S. ambassador to Israel, was telling the two sides what they knew when he said Sunday that Israel's building of settlements plus Palestinian violence had shattered the fragile trust between them.

But his comments appeared to strike a nerve.

In Gaza, Mr. Arafat explained the breakdown by saying: "There is no American pressure to save the peace process."

Palestinians have urged Washington, Israel's closest ally, to press Mr. Netanyahu to stop building settlements on West Bank land that has been occupied by Israel since the Arab-Israeli war in 1967.

The special U.S. peace envoy, Dennis Ross, who has logged hundreds of mediation hours, failed to revive peace talks in a nine-day mission that ended last week.

■ 2d Palestinian Is Slain

A Palestinian accused of selling land to Israelis has been found slain in the West Bank, in the second such killing since the Palestinian Authority announced this month that it would impose a death sentence on Arabs who sold land to Jews, The New York Times reported from Jerusalem.

The victim was identified as Hani Abu Sara, a building contractor from the village of Ain Yabrud.

Palestinian said that his body had been found Saturday in the town of Ramallah, which is governed by Palestinians, and that he had been shot in the head.

His death was reported Sunday by Palestinian security officials, who denied that they had been involved in the killing.

Palestinians from the Ramallah area said that Mr. Abu Sara was known to have sold land to Israelis and had been questioned about his business dealings by the Palestinian police shortly after they took control of Ramallah in December 1995. Mr. Abu Sara's son denied the accusations against his father.

The killing was reported more than a week after Fahd Bashir, an Arab real estate dealer from Jerusalem who was accused of selling land to Jews, was found shot in Ramallah.

The Israeli police have arrested a Arab man and woman in the slaying, identifying the man as a Palestinian police officer and accusing the Palestinian Authority of involvement in the case.

A Hat Trick For Gretzky As Flyers Fall

By George Vecsey
New York Times Service

PHILADELPHIA — Four measly caps. That was the entire outpouring of caps that landed on the ice when Wayne Gretzky completed his hat trick Sunday against the Flyers. Wayne Gretzky, the forward, that is.

"I'm no Gordie Howe over there," Gretzky insisted, referring to the great forward whose No. 9 was the inspiration for Gretzky's No. 99.

Howe was a forward all his career, while Gretzky is the great fluid genius of a center, who moved to left wing Sunday alongside his old pal Mark Messier to score three goals, as the New York Rangers beat the Philadelphia Flyers, 5-4, in the National Hockey League's Eastern Conference final to even the series at 1-1.

Only four caps came out of the stands because the Flyers' fans were not about to celebrate yet another stunning performance by Gretzky, while Rangers' fans were not about to call attention to themselves in this town.

Gretzky played on the same line with Messier because of injuries to four key forwards. He scored once on a power play without Messier, once on a power play with Messier and once at even strength with Messier, and then he was the decoy as Messier scored the fifth and ultimately game-winning goal.

"Even though we didn't play a lot together, we're pretty comfortable together," Gretzky said afterward, talking about Messier, who is a close friend.

Gretzky made a lot of his own luck Sunday. His first goal came on a power play as he skated into the Flyers' area and the puck kicked off the boards at a strange angle, and headed to Gretzky's skates. He controlled the puck with his right skate, slowing it down, and then flicked the puck backward, into the left corner of the goal.

Having put the Rangers ahead, Gretzky made one of his patented shots right out of miniature golf — where you bank the ball off the lighthouse, through the windmill and into the cave. On a power play, Gretzky took possession of the puck in the pleasant little corner of the world known as Wayne's Office — behind the goal — caught the Flyers' goaltender, Garth Snow, at the edge of the goal and banked the puck off a defender's skates, and the Rangers had a 3-1 lead.

Gretzky made it a hat trick in the second period when he fired a long shot past Snow to make the score 4-3. It was the 10th hat trick of Gretzky's career.

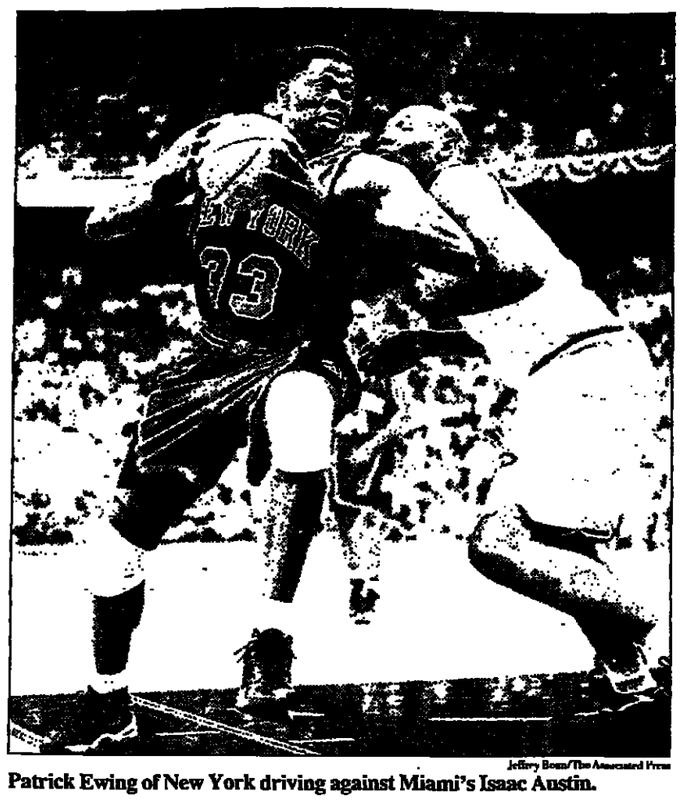
Joe Lapointe reported:

Adam Graves, usually Messier's left wing, centered a checking line that held Philadelphia's superstar, Eric Lindros, without a goal or an assist and limited him to one shot on goal.

Responding to the rough tactics of Lindros in Game 1, the Rangers pounded Big 88 at every opportunity. In the final minutes, Lindros was gang-tackled by the Rangers. He wasn't happy with the treatment.

"When you've got the puck and the chance to score with a couple seconds left and someone with their two hands wrapped around your head, it makes it somewhat difficult to score," Lindros said. "That would frustrate you, too."

More frustrating for the Flyers was the play of Snow, who gave up three goals on four shots, four goals on nine shots and five goals on 10 shots before being replaced by Ron Hextall.



Jeffrey Boan/The Associated Press

Patrick Ewing of New York driving against Miami's Isaac Austin.

Knicks Melt Under Heat Barrage

Miami Advances With Win Over Stumbling New York

By Mark Heisler
Los Angeles Times

MIAMI — In the Bible, the peacemakers may be blessed, but in the National Basketball Association, they're going home. The Miami Heat blasted the New York Knicks into submission and summer, 101-90.

The Heat, in winning Game 7 on Sunday, became the sixth NBA team to rally from a 3-1 playoff-series deficit and a decided underdog in the Eastern Conference finals unless the NBA suspends a Chicago Bull in each game — and even that wouldn't make much difference as long as it wasn't Michael Jordan.

For the Knicks, everything went wrong. After a brawl in Game 5, key players were suspended, including Patrick Ewing in Game 6; and key players returned rusty, like Allan Houston in Game 7.

Ewing might as well have been alone in the first half, when the Knick guards, Houston and Chris Childs, combined to shoot 2-for-13 with seven turnovers.

Miami was 17 points ahead by then, and nothing — including a long rest in the third period by the human loose-ball foul, Alonzo Mourning — could unseat the Heat.

"This is just an incredible opportunity for us," said a gracious Pat Riley, the Heat's coach. "In a short two years to get to this level. I also know it was very disconcerting for the Knicks. I don't blame them. What happened turned this whole thing around and upside down."

He added: "It doesn't take away from us. We wanted to advance. That's what this is about, surviving and advancing."

Riley said he had made a proposal to Rod Thorn, the NBA's operations chief. "The other day when I had my discussion with Rod Thorn, I said, 'Why don't you just sort of wipe everything clean and let's just play it straight up?'"

Instead, the league barred Miami's P.J. Brown from Games 6 and 7, along with Ewing, Houston and Charlie Ward for Game 6 and Larry Johnson and John Starks for Game 7.

Of course, before that, the Knicks had been presented with a perfect opportunity to close out the series, a 35-point Miami first half in that tumultuous Game 5, but they let the Heat off the hook — something else they'll lament in the long, cruel summer awaiting them.

In Game 6, although the Knicks insisted they had enough players to play, they didn't have enough to score, and the Heat ground them down in the fourth quarter to win, 95-90.

In Game 7, even without the mercurial Starks, the Knicks did have enough players. They just didn't play.

Leading early, 6-2, they let the Heat go 18-0 in a horrid span of 5:03, starting with six possessions in which they turned the ball over five times (two each by Childs and Houston) and missed a lay-up (rookie John Wallace, starting in place of Johnson).

Nothing improved for the Knicks after that. Tim Hardaway, who went 13 for 49 in Games 3, 4 and 5, scored 38 in Game 7. With Mourning out in the third quarter, Hardaway scored a blazing 11 points in the last 3:11, including three 3-point baskets, one of which looked like it came from the vicinity of Fort Lauderdale. Miami had an 11-point lead when Mourning left with 8:58 left in the period and a 17-point lead when it ended.

Ewing, gallant in this one-sided defeat with 37 points, laid his heart on the podium. "In a way, I feel like I was robbed," he said, "but that's life. I believed in my teammates. I thought we had a great team. The chemistry was great. Everything was great. We played extremely well, but it just didn't happen."

He added: "Especially the way it came down. I thought if I lost it on the court — I thought what the NBA did was, I feel they robbed us. They robbed us of a great opportunity."

Leyland and Marlins Return to Sweep Pirates

The Associated Press

The last time Jim Leyland left Pittsburgh, he had tears in his eyes. Now, he was all smiles.

Leyland's new team, the Florida Marlins, completed a three-game sweep of his old team, the Pirates, with a 5-3 victory Sunday on Gregg Zaun's go-ahead, pinch-hit single in the 10th inning.

"It's special to come back to Pittsburgh, where I had the kind of relationship with the fans I'll never have again," said Leyland, who managed the Pirates for 11 seasons before resigning to manage the Marlins. "But there's nothing special about beating the Pirates."

The Marlins have won seven straight, nine of their last 10 and swept a road trip for the first time in their five-year history — with two victories against the Atlanta Braves before their visit to Pittsburgh.

Expos 7, Dodgers 4 In Montreal, Pedro Martinez (7-0) picked up the victory with seven solid innings, but his earned-run average jumped from 0.79 to 1.20 after allowing three earned runs for the first time in 14 starts, dating to last Aug. 24.

Mike Lansing provided the offense with a career-high five hits, including a home run, and Darrin Fletcher chipped in with a two-run homer.

Mets 10, Rockies 4 In New York, Colorado pitchers walked five straight batters — three with the bases loaded — as the Mets scored eight runs in the eighth inning.

The Rockies led, 4-2, entering the eighth, but Mike Munoz, Bruce Ruffin and Mike DeJean threw 20 balls in 22 pitches to five batters. Bernard Gilkey capped the inning with a two-run single.

Reds 5, Padres 0 Barry Larkin had a season-high three hits, including a bases-loaded single, and the Reds stole seven bases to win for the second time in eight games.

Dave Burba allowed seven hits in six innings as the Reds pitched their first shutout of the season. Three relievers held the Padres to two hits in the final three innings.

Cubs 5, Giants 3 In Chicago, the Beanie Babies toy giveaway day drew a sellout crowd of 37,958, and the fans went home happy after Sammy Sosa hit two home runs — the second breaking a 3-3 tie in the seventh inning.

Baseball Roundup

Braves 5, Cardinals 1 In Atlanta, Tom Glavine, who missed his last start because of a sore hand, pitched a seven-hitter.

Jeff Blauser's two-out, two-run double snapped a 1-1 tie in the seventh. Before that Andy Benes had retired 19 in a row after giving up a first-inning run.

White Sox 10, Athletics 4 Albert Belle threw an elbow into the face of Oakland's catcher, George Williams, as he scored in Chicago's victory. Williams was waiting for the throw, which was not nearly in time, when Belle clipped him.

"The throw was off to the left side," Williams said after the game Sunday. "I was just going for it and all of a sudden, I got smoked in the face. I thought it was very unprofessional he had to do that."

Williams stared at Belle after the incident. In his next at-bat, Belle spoke to Williams — and then was hit in the leg by a pitch from Aaron Small.

"He was trying to apologize that he hit me and stuff," Williams said. "I just said, 'Yeah.' I wasn't happy with him after what he had done. He knew he'd done something wrong."

Belle, suspended for two games last year for flattening Milwaukee's second baseman, Fernando Vina, with a forearm to the face, declined to comment. The White Sox's manager, Terry Bevington, said he saw nothing wrong with the play.

"In baseball, when a guy gets in the way, you basically just have to shove him out of the way and he did it as gentle as possible," Bevington said. "It was nothing really. I don't even call that an incident."

Belle extended his hitting streak to 15 games, although Frank Thomas was the big star for the White Sox at Oakland. Thomas went 4-for-4 with a walk. He is batting .696 (16-for-23) against the A's this season.

Tigers 6, Royals 5 Bip Roberts couldn't get out of the batter's box in Kansas City. The Royals' hitter spent 14 minutes at the plate in one at-bat the first inning. He saw 18 pitches, fouling off 14, and stood around while Detroit's pitcher, Felipe Lira, made nine pickoff throws to first base.

"It wore me out," Roberts said. "I was so lazy the rest of the day. I was just trying to put the ball in play, but they kept going foul."

Roberts hit 13 fouls with two strikes. Finally, he grounded out on a 2-2 pitch.

"I've never seen anything like it," said Buddy Bell, the Detroit manager. "It seemed like everything he hit was in the same spot."

Roberts came up again in the ninth inning with the bases loaded, but grounded out.

Angels 5, Brewers 4 Jim Edmonds homered twice and Anaheim won its seventh in a row, sending visiting Milwaukee to its sixth straight loss.

Before the game, the Angels acquired outfielder Tony Phillips and catcher Chad Kreuter from the White Sox in a trade for reliever Chuck McElroy and catcher Jorge Fabregas.

Both new players were in the lineup, with Phillips scoring a run and Kreuter doing a nice job catching the knuckleballer Dennis Springer.

Rangers 4, Yankees 2 John Wetteland, facing his former team for the first time this season, struck out Cecil Fielder with two runners on base for Texas's victory over visiting New York.

Wetteland, who earned 43 saves for the Yankees and was the World Series most valuable player, put himself in trouble in the ninth inning and then escaped for his 10th save in 11 chances.

Orioles 8, Mariners 7 Rafael Palmeiro hit a two-out, two-run single in the ninth inning that gave Baltimore its first three-game sweep at the Seattle Kingdome since 1989.

Ken Griffey hit his 19th homer, the most in the majors, but Seattle still lost its fourth in a row.

Twins 7, Red Sox 5 Minnesota scored five runs in the first inning as Matt Lawton doubled and Greg Myers tripled. Both hits came when Boston outfielders lost fly balls against the Minneapolis Metrodome's cream-colored roof.

In games reported in later editions, Monday:

Indians 8, Blue Jays 6 Matt Williams hit two home runs, and Sandy Alomar and Jim Thome also connected for Cleveland in Toronto.

Phillies 5, Astros 3 In Philadelphia, Scott Rolen's third homer in as many days, a two-run shot in the third, gave the Phillies a 4-0 lead, and Garrett Stephenson allowed an unearned run on six hits over seven innings.

First Pick in NBA Goes to San Antonio

The Associated Press

SECAUCUS, New Jersey — The San Antonio Spurs won the National Basketball Association's draft lottery Sunday, setting up the possibility of a front court featuring David Robinson and Tim Duncan of Wake Forest, the player expected to be the top choice.

The leading players after Duncan are Keith Van Horn of Utah, Ron Mercer of Kentucky or, possibly, Tony Battie of Texas Tech.

Robinson spent most of last season injured and San Antonio finished the season, 20-62, the third worst record in the NBA behind the Boston Celtics and the Vancouver Grizzlies.

"I'm sure Tim Duncan is the man we are going to look at," said Peter Holt, the Spurs' chairman.

Boston and its new coach, Rick Pitino, had the best chance at winning the lottery, which determines the order of selection for the first 13 picks of the 1997 draft. The draw is weighted so that the worse a team's record the more chance it has of winning the first pick. Only teams that failed to make the playoffs qualify for the lottery.

Boston already had its own first-place pick — as a result of having the worst record — and one it acquired from Dallas in a trade for Eric Montross. That gave the Celtics a 36.3 percent chance of winning, but it wasn't enough.

The Spurs came into the lottery with the third-best chance of getting the No. 1 pick.

Pitino said he called the Spurs five minutes after San Antonio won the lottery, to say he was interested should they consider trading the top pick. The Celtics finished with the third and sixth picks.

"I've already communicated with San Antonio. There is a possibility I will trade the two draft picks," Pitino said. "We're going to get as creative as possible. But you're going to have to offer them one heck of a deal to get them to trade Tim Duncan."

Philadelphia, which won last year's lottery and chose guard Allen Iverson, got the second pick, moving up from No. 5 in the predraft order. Vancouver, which was not eligible for the top pick under its expansion agreement, dropped to fourth. None of its 250 assigned chances was drawn in the lottery for the top three spots.

Denver, which had the fourth worst record, will pick fifth in the June 25 draft. After that, the order stayed as statistically expected. Boston got the sixth pick with its Dallas pick. New Jersey is seventh, followed by Golden State, Toronto, Milwaukee, Sacramento, Indiana and Cleveland.

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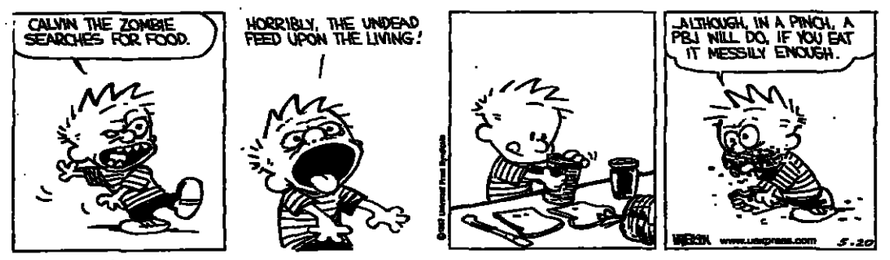

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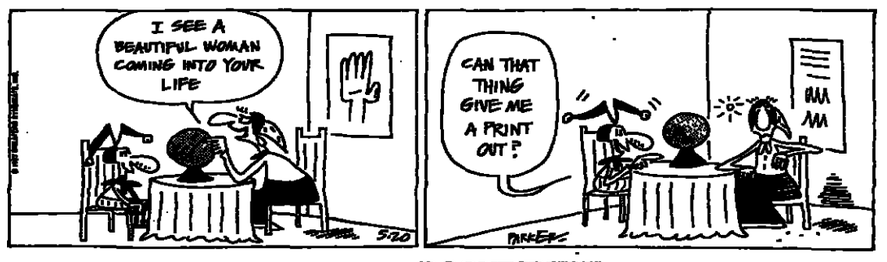

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'Titanic' Sinks Again

WASHINGTON — I went to see the Broadway musical "Titanic" the other night. I accompanied two ladies. At intermission they excused themselves to go to the powder room. Ashley returned in 10 minutes; Stockard was nowhere to be seen.

Buchwald

"Where is Stockard?" I inquired.

"She's standing in line waiting to go to the powder room."

"How come you went at the same time she did and you're back and she isn't?" I asked.

"I went to the men's room. I crashed in and said, 'Sorry, boys, I can't wait in the ladies' line. Watching the Titanic going down is much tougher on a person's kidneys than 'The Phantom of the Opera.'"

"Weren't you afraid that by using another sex's facilities you would be arrested?"

"What for? I didn't steal anything. You don't realize what a man's world this is until you have to stand in line with 65 other women waiting to powder your nose."

"What did Stockard say to you?"

"She said if the Titanic went down to save a place in a lifeboat for her."

"It sounds as if she was taking it well," I said.

"Except for standing on one foot and then the other, she was in good shape."

"When she saw you going into the men's room, why didn't she follow you?"

"She said she didn't have the nerve. She was afraid she would wind up as a headline in the New York Post: Debutante Crashes Men's Room — Male Theatergoers Demand Their Money Back."

I said, "I hope she gets back before the owners of Macy's go down."

"Stockard told me if she doesn't make it back before the Titanic sinks, to meet us in the parking lot and bring a piece of ice."

"Well, Ashley, I must say you did the right thing. There is no sense going to the theater and behaving like a lady. What is interesting, though, is that in the second act the orchestra is not playing "Nearer My God to Thee.'"

"They're playing outside the ladies' room."

Met Gets 11 Chinese Masterpieces

New York Times Service

NEW YORK — Eleven major Chinese paintings from the renowned C.C. Wang Family Collection, including Dong Yuan's "The Riverbank," the earliest of the three rarest and most important early monumental landscape paintings in the world, have been promised as a gift to the Metropolitan Museum of Art.

The gift comes on the eve of the unveiling of the museum's renovated permanent galleries for Chinese art on Thursday. With it the Metropolitan can lay claim to having the most comprehensive collection of Chinese paintings outside China. Six of the works in the gift will go on display immediately in the galleries, whose expansion was a two-year, $14 million project.

The gift is being made by Oscar Tang, a private investment manager who is a trustee of the Metropolitan.

Abbas Kiarostami: Parables, Not Protests

By Joan Dupont
International Herald Tribune

CANNES — At the end of this 50th anniversary competition, Abbas Kiarostami turned up, an unexpected visit from a Persian poet, to win the Palme d'Or. (The other winner, Shohei Imamura, had returned to Japan). The jury, headed by Isabelle Adjani, made a bold move, rewarding Kiarostami's "Taste of Cherry," a small film from a poor country, over gunplay and gore titles, and warning labels like "Assassin(s)" and "Nil by Mouth."

"I heard that the films in competition were about violence," the Iranian director said. "I'm happy that on this 50th anniversary my film is not. I'm against spectacular violence and believe that directors shouldn't get audiences used to it; cinema should take a moral stand."

50TH CANNES FESTIVAL

Getting "Taste of Cherry," banned by the authorities, out of Iran, was the kind of drama the festival had not known since 1982, when Yimaz Guney's "Yol," a film on prison life was banned in Turkey and came to Cannes to win the Golden Palm.

"The subject of suicide in my film disturbed the authorities," Kiarostami says, "the subject of a man taking destiny into his own hands. They wondered why the festival wanted this film so much. Once they had time to see the film and analyze it, there was no problem."

A contemplative drive through the industrial outskirts of Tehran by a man seeking to commit suicide, "Taste of Cherry" is not the most upbeat of Kiarostami's works, nor is it likely to win a "Fifth Element" kind of audience. "But the subject of suicide is a pretext," the director said, "the real subject is life."

The story came to him after reading a 1989 interview in Newsweek with the Romanian-born writer E. M. Cioran, who said, "Without the possibility of suicide, I would have killed myself long ago." In Iran, Kiarostami says, the number of suicides have increased: "In Japan, it's the oldest people in the population that kill themselves," he says, "in Iran, it's the youngest."

The director, 54, spins philosophical parables with slender means; the car with a solitary driver is his vehicle, a cheap way of getting close up to isolated lives in hills and villages. His movies have no stars, no special effects; he produces, writes, and edits. His trilogy, "Where is the House of My Friend?" "And Life Goes On," and "Through the Olive Trees," represented quiet probes into simple lives, shattered by an earthquake. "In my two last films, death hovers, but the characters resist."

Jacques Minch/Reuters

Abbas Kiarostami (right) with his Golden Palm. With him is the actor Koji Yakusho, who accepted the Palm for Shohei Imamura, the absent co-winner.

He took two years to make "Taste of Cherry," working with his son, Bahman Kiarostami, 19: "It started when he was 8, but he wasn't aware of being used. Later, I realized that he had really participated. And 10 years ago, when I made 'Where is My Friend's House?' he worked with the children. We dialogued together, I was the adult, he was the child, and those were the dialogues I wrote."

In "Taste of Cherry," a nameless man in his 50s, (Homayoun Ershadi) alone on the dusty road, has dug his grave and is looking for somebody who will bury him. In a land with men hungry to work, he is willing to pay. He tries to persuade a series of people — Afghans, Kurds, Turks, prisoners of the desert, a soldier, a seminary student, a museum employee, to help him. With each encounter, the man repeats his request, stubborn, closed to argument; but argument ensues: each character resists him, finds a story to tell, a metaphor or joke. The museum employee talks about blackberries, and the taste of cherries.

The dialogues sound simple, a repetition of questions and answers, but the director, who started with documentaries, is a master at eking out extraordinary responses. "I use repetition," he says, "the way in literature, you would put a sentence in quotes or use bold face. This is impossible in cinema: The actor would have to shout to emphasize."

The film ends with the man lying in his grave, facing the stars; then there is another shot, the same scene filmed from a distance, in video, showing the green countryside. This was only a movie after all. You see the crew, and young soldiers lolling in the countryside. You hear the trumpet music of "St. James Infirmary."

"We need that break to give distance and to separate us from the subject of suicide. The film took two years to make because of that last scene: My son and I came back to film in springtime and it was extraordinary, a beautiful landscape after the rain — a celebration. *le sacre du printemps.*"

Of course, although this is not an issue he relishes, Kiarostami's films reflect on life in Iran. "What director is not influenced by his country and society? I make my movie and then I ask why I made it. After 18 years of the regime, we no longer know if we are censored, or if we censor ourselves. This is not an issue that counts for me; I would work the same way without censorship."

Unlike Egyptian director Youssef Chahine, who won the special 50th-anniversary prize, Kiarostami did not denounce his country's regime: "I don't feel it's necessary. In our country too, there are radical religious movements and sometimes they cause problems. You have to talk with people to resolve the problems. I think that Iran's internal problems are better resolved from inside the country, rather than from the outside.

"As I say in this film, life is not fate; it's a matter of choice. I chose to live in Iran; I could leave, but I don't; despite the problems, I feel at home. In our neighborhood, we don't see any violence."

When he went to the Locarno festival, the director got a big dose of western movies: "thousands of people in an open air theater booed, and the next night, they came back for another violent American film. This is something I discuss with my son at home: why do people who hate violence go to see these films? And why do the others sell so badly?"

The French company Ciby 2000 brought "Taste of Cherry" to Cannes at short notice. Gilles Jacob had announced the film, then was told it was being held back; the first day of the festival, news came that the original print would make it.

Pierre Rissient, consultant to Gilles Jacob and to Ciby, gave the director moral support, "but not the money. Had they given money before, people could have said that they wanted to protect their investment. But the value is bigger because this was sheer support. We needed the enormous energy on this side — the invitation. That was important. Both sides worked hard: we pushed, and here, they pulled.

"So this is a real Palm. In the last film, I had olives from the olive trees, and now, with the cherries, I got the Palm."

Rungroj Yongrit/The Associated Press

MOTORCYCLE CAPER — Pierce Brosnan and Michelle Yeoh show how motorcycle action scenes are done during filming of a new James Bond movie in Bangkok.

PEOPLE

ROMANCE has been blossoming for the last four months between Britain's **Prince Andrew** and a 29-year-old brunette who is a researcher for the BBC, the British press reported Monday. **Henriette Peace**, the daughter of a wine seller, met the Duke of York, 37, at a reception to which she was invited because she had worked in the offices of Andrew's brother **Prince Charles**, the heir to the throne, the Daily Express said.

□

Did **Sylvester Stallone** secretly marry his girlfriend, **Jennifer Flavin**, on the roof of a London hotel? The star of "Rambo" and "Rocky" and the former model aren't saying, but Britain's tabloids were sure. "Rocky's Rooftop Bride," headlined the News of The World. "Stallone Weds at Hotel . . . On the Sly," said the Sunday Mirror. According to the newspapers, the couple exchanged vows at the Dorchester Hotel in a rooftop civil ceremony Saturday. A small group of friends attended. "They have indeed been married," the Mail on Sunday quoted an unidentified official of the local registry that conducts civil weddings as saying. The News of the World published photos of Flavin, 28, in a short white sleeveless dress, holding the couple's 8-month-old daughter **Sophia**, and of Stallone, 50, raising a glass in a toast. After reportedly leaving the Dorchester by separate exits, the couple traveled to Blenheim Palace in Oxfordshire, the birthplace of **Sir Winston Churchill**, where the Great Hall was set for dinner for 14.

□

A new musical about sex in Times Square and a revival of a **Bob Fosse** classic ran away with several Drama Desk Awards. "Chicago," the hit Broadway revival of the Fosse musical, received six awards, including best revival of a musical and best actress in a musical for its star, **Bebe Neuwirth**. "The Life," a musical celebrating the sleaze and sex of the old Times Square, won three awards, including best new musical, best music for **Cy Coleman**, and best featured actress in a musical for **Lillias White**. "How I Learned to Drive," by **Paula Vogel**, was chosen outstanding new play. **Mark Brokaw** won for best director, and **David Morse** shared best actor honors with **Christopher Plummer**, the star of "Barrymore." **Henrik Ibsen's** "A Doll's House" won for outstanding revival of a play and **Janet McTeer**, who plays Nora, got the nod as best actress. **Robert Cuccioli** was picked best actor in a musical for his double role in "Jekyll & Hyde." "Chicago's" other awards included best featured actor in a musical for **Joel Grey**, best direction in a musical for **Walter Bobbie**, best choreography for **Ann Reinking**, and best lighting design. The Drama Desk is an organization of New York theater critics and journalists.

□

Paul McCartney could make history, if he hangs on long enough, by becoming possibly the world's most questioned man. The former Beatle made a brave start on a list of more than 3 million questions put to him on the Internet. It would take an estimated six years for McCartney to get through the questions, being broadcast on a live television program on the VH1 pop channel in Britain, Germany and the United States.

□

The Black Panther Party founder, **Bobby Seale**, lost a legal fight against makers of the 1995 film "Panther," which he said depicted him unfairly and downplayed his commitment to nonviolence. U.S. District Judge **Raymond Broderick** denied Seale's claim for monetary damages against Gramercy Pictures and others involved with the movie. The judge agreed that one movie scene portrayed Seale in a false light, but he ruled that Seale had failed to prove actual malice — a requirement in such cases brought by well-known public figures.

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The International Herald Tribune

Dollar Dips As the Fed Leaves Rate Unchanged

Stock Prices Recover From Losses Tied to Fear of Tight Credit

See RATE, Page 14

The Dollar

The Dow

S&P 500

In the Clouds

By Mary Jordan

TOKYO — You are the prime minister of Japan, you say? How nice for you, but you cannot join this club. A billionaire? How cute. A billionaire businessman? Forget it. Money can't buy you blood — not the correct blood.

The correct bloodlines are everything at the Kasumi Kokkai, Japan's most exclusive social club. There is no direct translation of its name, but "Peers Association" or "Aristocracy Club" is probably the closest.

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